

GENERAL PURPOSE STANDING COMMITTEE NO. 5

Thursday 27 October 2011

Examination of proposed expenditure for the portfolio areas

LOCAL GOVERNMENT, THE NORTH COAST

The Committee met at 2.00 p.m.

MEMBERS

The Hon. R. L. Brown (Chair)

The Hon. J. Barham
The Hon. R. H. Colless
The Hon. S. Cotsis
The Hon. S. MacDonald

The Hon. S. Mitchell
The Hon. S. Moselmane
The Hon. D. M. Shoebridge
The Hon. H. Westwood

PRESENT

The Hon. Donald Page, *Minister for Local Government, and Minister for the North Coast*

Department of Premier and Cabinet

Mr S. J. Orr, *Acting Chief Executive, Division of Local Government*

Mr G. R. Gibbs, *Director, Performance Management and Compliance, Division of Local Government*

Ms J. Byers, *Regional Coordinator, North Coast*

Ms A. M. Guzman, *Acting Director, Relationship Management, Division of Local Government*

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 of General Purpose Standing Committee No. 5 inquiry into the budget estimates for 2011-12 open to the public. I welcome Minister Page and accompanying officials to this hearing. Today the Committee will examine the proposed expenditure for the portfolios of Local Government and the North Coast. Before we commence I will make some comments on procedural matters. I earlier made a comment in relation to the broadcast of proceedings, which I will not repeat. In relation to the delivery of messages, all messages from the public gallery must be delivered via the Committee secretariat. Minister, I remind you and the officers accompanying you that you are free to pass notes and refer directly to your advisers whilst at the table. Transcripts of this hearing will be available on the web tomorrow.

The Committee has agreed that the Local Government portfolio will be examined from 2.00 p.m. to 2.30 p.m. and the North Coast portfolio from 2.30 p.m. to 3.00 p.m. The Government has agreed not to ask questions to shorten the process. The Committee has resolved that answers to questions on notice must be provided within 21 days and the Committee has 48 hours in which to finalise those questions. I remind everyone at the table and in the gallery to please turn off your mobile phones. All witnesses will be sworn in prior to giving evidence. Minister, I remind you that you do not need to be sworn as you already have sworn an oath as a member of Parliament. All other witnesses should state their full name, job title and agency and swear either an oath or an affirmation.

STEVEN JONATHON ORR, Acting Chief Executive, Division of Local Government, Department of Premier and Cabinet,

GRAHAME RUSSELL GIBBS, Director, Performance Management and Compliance, Division of Local Government, Department of Premier and Cabinet, and

JULIE BYERS, Regional Coordinator, North Coast, Department of Premier and Cabinet, sworn and examined:

ANNE MEGAN GUZMAN, Acting Director, Relationship Management, Division of Local Government, Department of Premier and Cabinet, affirmed and examined:

CHAIR: I declare the inquiry into the proposed expenditure for the portfolios of Local Government and North Coast open for examination. There is no provision for the Minister to make an opening statement before the Committee commences questions.

Mr DAVID SHOEBRIDGE: Minister, thank you for coming today. In relation to the local council elections that are scheduled to be held in September 2012, can you give a guarantee that all elections for local councils will be held in September next year?

Mr DONALD PAGE: I believe I can give that guarantee. I know of no reason why they could not take place.

Mr DAVID SHOEBRIDGE: Has anyone approached you or your office seeking to delay elections for some or all local councils, notably some metropolitan local councils?

Mr DONALD PAGE: Not that I am aware but I defer to the officers from the Department of Local Government to see whether they have been approached. I have not.

Mr ORR: No, we are not aware of any such approach.

Mr DAVID SHOEBRIDGE: If the chamber of commerce or other entity approaches seeking a delay in council elections for the purpose of considering amalgamations, that is something you will not entertain?

Mr DONALD PAGE: That would be my position, yes.

Mr DAVID SHOEBRIDGE: Minister, there was substantial speculation about the future of rates income from the Barangaroo project and development on the Barangaroo site. You would have seen that in the media recently. There was a position being floated about the prospect of removing the rates revenue from the City of Sydney and taking it to the State Government. As the Minister for Local Government what is your position on that?

Mr DONALD PAGE: This is quite recent event, as you know—the last couple of days. My understanding, and I have not had much advice on this I have to say, is that it would not be very easy for the State Government to access those council funds. Councils are almost autonomous bodies and have their own funding. My understanding is that in order for the State Government to take that money there would have to be legislation which amends either the City of Sydney Act or the Local Government Act in order to enable that to happen. I am happy for the departmental officers to add to that.

Mr ORR: That is our understanding as well.

Mr DAVID SHOEBRIDGE: Has there been any approach to you from anyone in government in relation to that proposal?

Mr DONALD PAGE: No.

Mr DAVID SHOEBRIDGE: Much of the statements made by your Government when it was in opposition before the election and since have focused on local government autonomy and ensuring local governments do not suffer unnecessary interference from the State Government. Would you agree with that?

Mr DONALD PAGE: I would agree with that, yes.

Mr DAVID SHOEBRIDGE: Therefore, can you give a commitment as the Minister for Local Government not to intervene and take away that important future rate revenue from the City of Sydney?

Mr DONALD PAGE: I have indicated where I am coming from on the local government perspective. If such a decision were to be made it would be made by the Cabinet. Presumably, if the Treasurer was involved he would be taking the submission to Cabinet. I cannot speak for the Cabinet in advance of any decisions that are made. My understanding at the moment is that there would have to be special legislation put in place in order to enable that to happen. Philosophically, as you indicated, we are for local councils having a say in relation to what happens in their own particular communities and community leaders having a say.

Mr DAVID SHOEBRIDGE: Given that you have carriage of the Local Government Act and it would almost certainly require an amendment of the Local Government Act to allow this to happen, can you give the Committee comfort that you would oppose a change to the Local Government Act to take away that autonomy from the City of Sydney?

Mr DONALD PAGE: In the absence of any advice to the contrary I would be philosophically where I just said I was, unless I got advice to the contrary that indicated there was higher public interest involved which may require some change to my position.

Mr DAVID SHOEBRIDGE: But you are philosophically opposed to removing that?

Mr DONALD PAGE: Yes.

Mr DAVID SHOEBRIDGE: Minister, your department recently undertook a study of employment diversity in the local government sector. Many people commend you and the department for undertaking that initial study. However, the results were somewhat disturbing in terms of the lack of diversity in the local government sector. Women were unrepresented in management levels, Aboriginal and Torres Strait Islander people were unrepresented across the board, disabled persons were underrepresented, as indeed were people from communities of diverse cultures. Having obtained those results, what steps are you going to take to ensure there is more diversity?

Mr DONALD PAGE: Can I just indicate initially that the Government was concerned about the results of the survey because we believe that councils should, as far as possible, represent the diversity of the people that they are representing. In particular, as you indicated, there is an underrepresentation of women in local government especially in senior positions. Other people—Torres Strait Islanders in particular and Aborigines—are underrepresented. So we are keen to do whatever we can to correct the situation.

I indicated in a couple of my speeches recently that I am concerned about that matter and I reminded people as recently as a couple of days ago that the Minister's awards for women in local government are now out there. Those awards, for example, are for an elected representative, a non-elected representative, senior staff and a junior staff person, one for a region in each category and one for country areas. So we are certainly keen to ensure that that happens and, as far as I am aware, we are encouraging councils. I do not know whether we have sent a circular or not but if we have not sent a circular I will ask the staff to do that and I would be more than happy to direct the department to send a circular to all councils to ensure that they employ people who are, as much as possible—subject to merit of course—reflective of the community out there.

Mr ORR: I would like to add a couple of things. Firstly, all councils are required to go through an integrated planning and reporting process, and that is a new framework which basically ensures that councils take a long-term perspective regarding planning and where they are heading. One of the components of that is workforce planning. So an important part in terms of where councils are heading is to ensure that they have an appropriate workforce plan which can consider these types of issues.

Mr DAVID SHOEBRIDGE: But there is nothing mandatory in the workforce planning provisions to require diversity, is there?

Mr ORR: There is nothing specific which requires diversity but, equally, we certainly encourage councils to have a group of councillors and staff which are reflective of the people within.

Mr DAVID SHOEBRIDGE: I can tell you now my personal experience of the council I am a member of, which I think is repeated across the State, is that when this issue is raised a majority of councillors simply say they are happy with it as it is and they do not want to take proactive steps. That is a repeated theme across New South Wales with no proactive steps for diversity. Will you consider a circular going to councils that requires diversity to be a part of the workforce planning provisions in the integrated planning?

Mr ORR: As the Minister has said, it is an issue and the Minister has indicated a preference to issue such a circular to encourage councils to be mindful of diversity within their workforce.

Mr DAVID SHOEBRIDGE: I might direct the question to the Minister. Minister, will you consider making it a mandatory requirement of workforce planning to include efforts to ensure an appropriately diverse workforce in local government?

Mr DONALD PAGE: I am certainly happy to try to do whatever is possible to make it reflective of the diversity of the community that they represent. However, there are issues of merit that come into it. We cannot mandate that because 20 per cent of a community is a particular population that you have to have 20 per cent on the council staff from that population. It is just not practical, but I am prepared to indicate that we will do whatever we can to ensure that as far as practically possible, and subject to merit, council employees will be, generally speaking, as reflective as possible of the community that they are working for.

Mr DAVID SHOEBRIDGE: Is there any commitment from the Government that goes beyond simply exhortation? Is there any commitment to provide funding for training and mentoring, particularly of women in the workforce, to ensure there are a more representative number of women in management in the local government workforce?

Mr DONALD PAGE: I should indicate that the State Plan refers to the need for diversification in employment to reflect the composition of the population. Interestingly, yesterday I was at Coffs Harbour talking to the regional managers from the North Coast. As you are probably aware, we are looking at regional plans, which again will reflect that. So it will not just be in the local government area that we are looking to diversify; it will be right across the whole of State Government.

Mr DAVID SHOEBRIDGE: I ask again: Is there any funding commitment to put in place the training and mentoring programs for women, say, to get into management positions?

Mr DONALD PAGE: The funding of each agency is basically restricted to the implementation of the Local Government Act, and there is a small amount of money for swimming pool legislation and there is the pensioner rebate. What I am saying is that the Division of Local Government does not actually have the financial resources to make any funding commitments.

Mr DAVID SHOEBRIDGE: Will you be making an application to Treasury for sufficient funding to try to ensure that now you have the results you do something with the results and make the local government workforce reflect the population it serves?

Mr DONALD PAGE: We will do whatever we can. It occurs to me that I will be meeting the Federal Minister Simon Crean in the not too distant future. We are going to talk about what the Federal Government can do to assist local government right across Australia but particularly, in my case, in New South Wales. I am happy to take the issue up with the Federal Minister to see whether he is prepared to make some funding available to increase the diversity of the workforce in councils.

Mr DAVID SHOEBRIDGE: Clearly, the questions I asked you about women in management positions apply every bit as much to Aborigines and Torres Strait Islanders in all positions in local government as well as people from a non-English speaking background?

Mr DONALD PAGE: Indeed.

Mr DAVID SHOEBRIDGE: They will all be matters that you raise?

Mr DONALD PAGE: Yes.

Mr DAVID SHOEBRIDGE: Minister, there was a change recently, which you brought to the Parliament, about local government elections, enabling local councils to run their own election guidelines from the New South Wales Electoral Commission. How many councils have taken up that option?

Mr DONALD PAGE: I defer to Steve Orr to give an indication on that. I do not know that they have actually indicated, because they have until 30 November to indicate whether they are going to go that route or not. Some may have decided one way or the other at this point, but they do not have to decide until 30 November. So any figure you might get today is probably not going to be very accurate.

Mr ORR: That is correct: councils do not have to advise of their decision to the Electoral Commissioner until the end of November.

Mr DAVID SHOEBRIDGE: Has anyone done it yet?

Mr ORR: In informal discussions with the Electoral Commissioner he has advised that approximately 20 councils have indicated at this particular point in time that they will be going with him.

Mr DAVID SHOEBRIDGE: Are those councils, as far as you know, predominantly metropolitan or regional or rural?

Mr ORR: I do not know: he did not give that information.

Mr DAVID SHOEBRIDGE: There has been substantial response from the local government sector about the difficulties in accessing the right to run their own local council elections. Minister, have you had any negotiations with the Electoral Commission or others about facilitating that autonomy for local government?

Mr DONALD PAGE: The Local Government and Shires Associations met with me and the Premier in relation to that matter and I understand that as a result of that the head of the Premier's department contacted and had discussions with the Electoral Commissioner. However, you have to understand that the Electoral Commissioner is not an employee; he is certainly not accountable to the Minister for Local Government or the Premier. I understand that the line of responsibility is straight to the Governor. So it is inappropriate, in a sense, to be trying to dictate to the Electoral Commissioner what he should or should not do in relation to the matter. Provided the Electoral Commissioner is acting within the law, as it were, then we really do not have a role beyond that.

Mr DAVID SHOEBRIDGE: Minister, your department recently undertook a review of the code of conduct—a much-needed review of the code of conduct—and has come up with a discussion paper resulting from that. It still allows general managers to have a part in considering complaints. What is your position on general managers having any role in complaint-handling matters?

Mr DONALD PAGE: The model code of conduct is a complex issue and there is a lot to it. You may recall that the division issued a discussion paper back in June. About three days ago the division came to a position paper which is now out there—I presume that is the paper you are referring to—and there are quite a few proposals in that paper. For example, one of the proposals is to make sure that councils have access to assessors that are at arm's length. Another one that is interesting at the moment is that all gifts, including non-cash gifts, should be prohibited. That is particularly relevant in terms of the Independent Commission Against Corruption inquiry. I think it is too early to say what the Government's position and my position are going to be until we hear feedback from all of the parties who have an interest in this, which we expect to have completed by 5 December. We expect to have a final—

Mr DAVID SHOEBRIDGE: A final draft comment?

Mr DONALD PAGE: A final draft. We have got a position paper at the moment and then we will go to a final draft paper.

The Hon. SOPHIE COTSIS: Minister, can you or your department make it clear through a memo to all councils that elections will be held next September? I have had a number of inquiries about postponement of council elections. Would you or your department put out a memo to ensure that council elections will be held next September?

Mr DONALD PAGE: I will reiterate what I said a moment ago, that I have not heard any suggestions that any election be postponed.

The Hon. SOPHIE COTSIS: I have heard that over the last couple of months. Also during the Local Government Association conference a number of people approached me. A number of council managers have put out emails or memos to their local councillors about the possibility of delaying council elections. For the purpose of certainty would you put out a memo to ensure that all councillors and everybody else know that elections will be held in September 2012?

Mr DONALD PAGE: I have just been advised by Ms Guzman that such a memo is unnecessary because the election dates are mandated in the legislation, so there is no question. We would have to move an amendment to the legislation in order to change the election date.

The Hon. SOPHIE COTSIS: But that can happen any time. You can change the legislation at any time.

Mr DONALD PAGE: We have no intention of changing it. But if it makes you feel comfortable—

The Hon. SOPHIE COTSIS: It is not about me.

Mr DONALD PAGE: I am sure we can organise for a circular to go out from the division to remind people that the elections will be in September 2012.

The Hon. SOPHIE COTSIS: Minister, you said in the second reading speech of the local government bills and in media reports that you plan to reinstate council status as corporations so councils can seek Federal funding for apprentices, training programs and tender for construction work. I put it to you that that is not the real reason.

Mr DONALD PAGE: The issue of moving from bodies politic to bodies corporate is an important one and one that the Government has responded to as part of a request for an election commitment that we were asked to give last year by the Local Government and Shires Associations. They put out a document called "Election Priorities". Item 6 on that document was—

The Hon. SOPHIE COTSIS: Thank you, Minister, I have read that.

Mr DONALD PAGE: We gave a commitment that we would do that. The Local Government and Shires Associations have given us an indication that one of the reasons for that is that if they are not bodies corporate they are not able to tender for certain Commonwealth-funded works.

The Hon. SOPHIE COTSIS: Can you provide evidence of that? I have consulted with a number of councils. I have examples here from Penrith, Gunnedah, Leichhardt, Canterbury, Marrickville, and Tweed councils and they have said they have received direct Federal funding for projects in relation to apprentices and trainees. I have also asked which council has been excluded from tendering for construction work in relation to Australian Government projects. Can you provide any of those examples?

Mr DONALD PAGE: I can. On 26 November 2008 Richmond Valley Council wrote to former Minister Barbara Perry indicating that they were unable to tender for Federal-funded works in relation to, interestingly enough, the Ballina bypass in my electorate. If I can quote the relevant section from the letter:

In particular your advice is sought on the ability of Council to comply with Federal Government Guidelines in relation to the construction industry, e.g. Roads to Recovery projects and the undertaking of contract works (supply of construction materials) involving Federal Government funding.

In regard to the latter matter, Council, earlier this year, had to go through extensive processes to be granted a transitional period as a material supplier by the Federal Government to enable Council to tender its commercial concrete/bridge products for the Ballina Bypass project (a Federally funded project). This not only created a significant business opportunity (and revenue) for Council but also provided employment opportunities in the region.

That is one council. There is another one that I am aware of and there may well be others. I think the other one was Blue Mountains.

The Hon. SOPHIE COTSIS: But that is not substantial evidence to change councils' status to corporations. That is not substantial evidence.

Mr DONALD PAGE: It is a reason, but if you are assuming—

The Hon. SOPHIE COTSIS: Are you talking about Clarence Valley Council?

Mr DONALD PAGE: No.

The Hon. SOPHIE COTSIS: Which one are you talking about?

Mr DONALD PAGE: I think it was Blue Mountains council.

The Hon. SOPHIE COTSIS: And the other one was?

The Hon. JAN BARHAM: Richmond Valley.

Mr DONALD PAGE: Richmond Valley was one but there was another one. It was Blue Mountains. Can I cut to the chase here? If what you are saying is that there is some reason other than this that is going to negatively impact on employees because they will be able to be transferred to a Federal award—

The Hon. SOPHIE COTSIS: No, I did not say that. Instead of local councils keeping their autonomy your proposal would have them heading to a corporate structure. That can be seen all over your document from your taxpayer-funded Destination 2036 Conference. The outcomes report is all about corporatisation and heading to corporatisation. There is a big push from the big end of town about amalgamating councils. This is about softening the road to amalgamations.

Mr DONALD PAGE: It is not. Our policy is that there will be no forced amalgamations. If, however, councils wish to amalgamate then we will encourage them to do that. Can I point out—this is very important—that councils were always corporations prior to 2008. There have been corporations since the 1920s.

The Hon. SOPHIE COTSIS: Circumstances have changed.

Mr DONALD PAGE: There is no conspiracy out there to suddenly turn the local government sector into massive corporations or to corporatise and amalgamate everything.

The Hon. SOPHIE COTSIS: You should read your documents.

The Hon. RICK COLLESS: Point of order: I wonder if the member could allow the Minister to answer the question and then ask him another one rather than talking over the top of him.

The Hon. SOPHIE COTSIS: I am. This is very important.

CHAIR: Order! Members are given a fairly free rein in what they ask the Minister but the Minister should be able to answer the questions in the manner in which he or she proposes. I ask members of the Committee to bear with the Minister, allow him to answer his question and then go on to ask another question. There will be a second cycle of about 14 minutes in which the Opposition and the crossbenchers will be allowed to ask more questions.

The Hon. SOPHIE COTSIS: In your Destinations 2036 Outcomes Report there are a number of proposals and one of them refers to the repeal of the maintenance of employment legislation. That is also one of the provisions in your legislation. You want to change the status of councils to corporations and you want to reduce employment protections for employees. This is about softening the ground for amalgamations and for establishing big corporate councils. This is what this is all about.

Mr DONALD PAGE: It is not about that at all. It is about creating a strong local government sector because Percy Allan's report indicated a few years ago that half the councils in New South Wales are really struggling financially. If we do not have reform in local government—and that does not mean amalgamations—we will see the top section of local councils probably survive but the bottom section of councils probably will

fold. Certainly they will not be able to deliver services to their communities and in many cases their staff are going to be sacked because they will not be able to afford to keep them on.

The Hon. SOPHIE COTSIS: You made a very relevant point that the smaller councils with smaller rate bases—rural and regional councils—will be most affected because they are the single largest employer. If you change the status of councils to corporations and the proposal about road maintenance contestability goes ahead it will mean big changes for rural and regional councils. It will mean towns will collapse and jobs will go. Have you spoken to your colleague about the proposed road maintenance contestability—outsourcing road maintenance?

Mr DONALD PAGE: Without going into all the detail about road maintenance contestability—and I can read it out if you like and come back to those other matters—you raised about three issues there—

The Hon. SOPHIE COTSIS: They are important.

Mr DONALD PAGE: Let us deal firstly with the issue of smaller councils. There is a provision in the Local Government Act that protects the employment of people in towns with fewer than 5,000 people. That is not being changed. What is sought to be changed is a situation where there is an amalgamation and the employees are working for the new amalgamated council. Bear in mind that your Government did four amalgamations, not voluntary by the way but forced. As the law currently stands the number of employees in the amalgamated council cannot be reduced for three years. All we are saying is that that is way too long and it is a disincentive to councils who wish to amalgamate. Bear in mind that our policy is no forced amalgamations. We are reducing that from three years to one year because we think that is a sensible compromise. It is more employment protection than any other employee in the workforce across the State has. It is not that we are taking away some entitlement; we are just reducing it so that if councils want to amalgamate they can and they do not have to guarantee the numbers for three years.

The Hon. SOPHIE COTSIS: But you have not consulted employee organisations to give you examples of how this will impact on rural and regional communities. This is a major change for employees. This is all about softening the ground for corporatising councils. I have only four minutes left. I would like you to rule out that you will amalgamate councils by stealth. There are councils that will not be able to access contracts for road maintenance. You are talking about corporatising councils. You need to rule out that you will constructively force councils to amalgamate.

Mr DONALD PAGE: The hypocrisy of that question leaves me cool. Your Government did four forced amalgamations—in Clarence, Tamworth, Armidale and Albury. Our policy is as clear as day—no forced amalgamations. You are trying to work up some conspiracy theory.

The Hon. SOPHIE COTSIS: It is in your documents.

CHAIR: Order! I have previously advised the Committee that the Clerks have advised me that the Hansard staff have difficulty producing an accurate transcript when more than one member speaks at the same time. The Minister was answering the question. Members will allow the Minister to answer the question in silence.

Mr DONALD PAGE: The New South Wales Government is examining the potential for greater contestability in the provision of road maintenance. Currently the Roads and Transport Authority uses a number of mechanisms to deliver road maintenance activities on State roads, including contracts with councils in rural areas, a long-term performance contract in North Sydney with Downer EDI, an internal roads maintenance workforce and other maintenance contracts. The Government will continue to look at achieving further savings through the adoption of efficient maintenance delivery mechanisms with the aim of realising cost savings through a variety of mechanisms, including greater contestability, further refinement of contracts with rural councils, improved delivery of resurfacing works—

The Hon. SOPHIE COTSIS: I am sorry, Minister, I have only two minutes left.

Mr DONALD PAGE: You asked the question and I am answering it—improved delivery of resurfacing works across the network and ongoing business improvements in internal Roads and Traffic Authority delivery.

The Hon. SOPHIE COTSIS: Will you rule out the outsourcing of road maintenance?

Mr DONALD PAGE: No, I will not. I have just told you what the Government's policy is. The ratepayers are also entitled to get some value for money.

The Hon. SOPHIE COTSIS: I refer to your \$70 million interest subsidy over five years that will unlock \$1 billion of infrastructure upgrades. Where is the funding coming from?

Mr DONALD PAGE: From Treasury. It is a special allocation from Treasury.

The Hon. SOPHIE COTSIS: What about councils that do not have the borrowing capacity like those in rural and regional areas that have smaller rate bases? How will they access this scheme? How will this scheme work?

Mr DONALD PAGE: Councils will make applications for assistance. As you know, the policy provides for a 50 per cent subsidy on council borrowings and \$70 million is able to unleash about \$1 billion worth of infrastructure backlog.

The Hon. SOPHIE COTSIS: How did you come up with that analysis?

Mr DONALD PAGE: If you look at an interest rate of 7 per cent—and half of it is being covered by the State and half of it is being covered by the council—\$70 million gives you the capacity to borrow about \$1 billion.

The Hon. SOPHIE COTSIS: What about smaller councils that need the infrastructure upgrades?
[Time expired.]

The Hon. HELEN WESTWOOD: Given that 200 jobs will be lost in Grafton with the closure of the South Grafton abattoir, which is on top of the 100 jobs lost last year with the closure of the Telstra call centre in Grafton, will your Government quarantine Grafton from the 5,000 job cuts announced by the Treasurer in the budget?

Mr DONALD PAGE: I am not aware of any job cuts announced by the Treasurer in the budget. The closure of Ramsey Food Processing Pty Ltd at Grafton is a serious issue. As you know, the Northern Co-operative Meat Company has indicated it will be taking over the work of Ramsey's abattoir at Grafton and offering employment at Casino to all those people who currently are employed at Grafton. It is a significant blow to Grafton and I am watching that very closely. Obviously the Government will do whatever it can to help ensure that the impact is as low as it possibly can be.

The Hon. HELEN WESTWOOD: What support are you offering the people of Grafton?

Mr DONALD PAGE: It is very early days at this point. We do not know how many employees are going to go to Casino. If they all do, that will be great; there will not be any loss of jobs. As I recall, all those employees at Grafton have been offered jobs at Casino subject to health checks.

The Hon. HELEN WESTWOOD: You said you were not aware of any job cuts that were going to occur in Grafton, but given the Treasurer's statement in the budget estimates earlier this week, which I am sure you have been following, the Government has already identified 1,900 jobs to be cut by 30 June next year. How many of these jobs will be cut in Grafton?

Mr DONALD PAGE: Are these public service jobs?

The Hon. HELEN WESTWOOD: Yes, that is right. How many can we expect to be lost in Grafton?

Mr DONALD PAGE: I do not know how many will be on the North Coast whether it be Grafton or any other part of the North Coast.

The Hon. HELEN WESTWOOD: So you have not been consulted on that?

Mr DONALD PAGE: Not in that detail, no.

The Hon. HELEN WESTWOOD: As Minister for the North Coast, have you not been part of any discussions about jobs and loss of jobs in this key area?

Mr DONALD PAGE: There are discussions from time to time, but not specifically on where those jobs might be lost, should they be lost.

The Hon. HELEN WESTWOOD: How are these job cuts consistent with the decade of decentralisation that you promised as a Nationals shadow Minister before the elections?

Mr DONALD PAGE: They are reconciled by the fact that we will be creating a whole lot of new jobs in the private sector through the payroll tax rebate. As you know, we are effectively giving an exemption for employers who take on new people—about \$4,000 per employee over a two-year period—the effect of which is that they will not pay payroll tax. People say, "Well, payroll tax is only paid by 10 per cent of the population; that's not a very big thing to do." But the reality is that the 10 per cent who pay payroll tax employ more than 50 per cent of the people.

Take a company like the Northern Co-operative Meatworks, which employs 1,000 people. If that company gets the reduction in payroll tax that I am talking about, it will be able to put on a lot more new people and be able to save \$4,000 per employee per year in payroll tax that it would normally have to pay. That is just one example; there are others. We are very keen on building infrastructure in New South Wales, and we are creating not only Infrastructure NSW but also Restart NSW, which is a \$5 billion additional infrastructure fund, 30 per cent of which is allocated to country areas. That obviously will help us build roads and all sorts of other types of infrastructure. If some jobs in the public sector are going, bear in mind that the public sector—

The Hon. HELEN WESTWOOD: Minister—

Mr DONALD PAGE: You asked a question, and I am answering it.

The Hon. HELEN WESTWOOD: You are using up as much time as you can; our time is being eroded.

Mr DONALD PAGE: You asked me about jobs and what we are going to do about jobs. I am telling you that we will have a lot of new jobs in the private sector.

The Hon. HELEN WESTWOOD: I do hope you have been consulted on my next question. How many jobs are likely to go from these very important public sector services in Grafton—Grafton Base Hospital and Grafton TAFE campus? Do you have any idea how many jobs will be lost there through these public service cuts? Could you tell me how many jobs will be lost from the Grafton correctional centre?

Mr DONALD PAGE: No, I cannot. Some jobs may be lost from the Grafton correctional centre, but to my knowledge no jobs in any of those areas that you are talking about.

The Hon. HELEN WESTWOOD: What about the motor registry and the Grafton Agricultural Research and Advisory Station?

Mr DONALD PAGE: As I have said, I have no information that indicates there will be any job losses in Grafton—none.

The Hon. HELEN WESTWOOD: So there has been no consultation with you?

Mr DONALD PAGE: There has been no indication from anyone that jobs will be lost in Grafton.

The Hon. SHAOQUETT MOSELMANE: Minister, the Treasurer's Budget Speech of 6 September said, "Within the Transport cluster the Government is now examining the potential for greater contestability in the provision of road maintenance." What modelling has been or is being done about the potential savings from road maintenance contestability?

Mr DONALD PAGE: That is an issue on which such a question really should be addressed to the Minister for Roads. I indicated in my previous answer that the Government is looking at contestability. It is still

in the discussion stage. I suggest you address that question to the Minister for Roads because that is the person who is putting forward this policy.

The Hon. SHAOQUETT MOSELMANE: It also impacts the North Coast, the rural region for which you also have responsibility.

Mr DONALD PAGE: Yes. But you should understand that our role as regional Ministers is to advocate in Cabinet; not to try to override local members and the like, but to be supportive when issues come before Cabinet. The portfolio Ministers have primary responsibility in relation to those sorts of matters.

The Hon. SHAOQUETT MOSELMANE: My next question relates to police numbers on the North Coast. On 1 September 2011 you stated that you had "personally spoken" to former Assistant Commissioner Peter Parsons, who is leading an audit of police resources on behalf of the New South Wales Government, and that you had made a case for more police officers on the North Coast. Do you think it is appropriate for a Minister personally to lobby someone conducting an independent audit?

Mr DONALD PAGE: I do not have any difficulty with that. This was a repeat, if you will, of a submission that I put in on behalf of all North Coast members of Parliament about 12 to 18 months ago as a consequence of our gathering together to try to get more police for the whole of the North Coast region, from Coffs Harbour right through to the border. I spoke to Peter Parson and indicated to him that we had already done some work on that, and that I would like to resubmit to his inquiry the submission that I made as shadow Minister for the North Coast, and he was very keen to get it. It talks about the special needs of the North Coast, particularly with regard to tourism and so on, where we have extra people coming in where those things are not considered in relation to police allocation numbers. There is a whole raft of issues. I make no apology whatsoever for standing up for the North Coast.

The Hon. SHAOQUETT MOSELMANE: Do you not think, Minister, you are compromising the independence of the audit by being involved?

Mr DONALD PAGE: Not at all. I am the Minister for the North Coast.

The Hon. SHAOQUETT MOSELMANE: How is it an independent audit if you are involved?

Mr DONALD PAGE: I am a proud advocate for the North Coast. I am more than happy to make representations to a person who, by the way, at that stage was asking for public submissions.

The Hon. HELEN WESTWOOD: I hope you are a proud advocate of the North Coast when it comes to job cuts that your Premier and Treasurer are advocating. Minister, are you aware that northern New South Wales is at risk of losing \$192 million annually from the Splendour in the Grass festival? North Byron Parklands lodged an application with the New South Wales Government over 12 months ago for a permanent sustainable cultural event venue in Byron shire, which would, as we know, be a permanent home for Splendour in the Grass. This festival has been held at Woodford in Queensland, which I hope you know, and they are still waiting for planning approval.

The Hon. RICK COLLESS: Why didn't you approve it when you were in government?

CHAIR: Order! Interjections are unruly.

The Hon. HELEN WESTWOOD: What will you do to help attract this event back to New South Wales?

Mr DONALD PAGE: It was a good interjection from the Hon. Rick Colless, because this matter has been around for quite a few years.

The Hon. HELEN WESTWOOD: But you are in government now.

The Hon. RICK COLLESS: You were in government then, and you did nothing about it.

The Hon. HELEN WESTWOOD: How are you going to deliver?

Mr DONALD PAGE: When these matters were taken away from Byron council by the State Government—

The Hon. JAN BARHAM: They chose to go.

Mr DONALD PAGE: They chose to go, but they were able to go to the State Government under the centralisation of planning decisions. My understanding is that that matter is in the final stages of assessment by the Department of Planning, and it is only a matter of a few weeks, I understand, until they will be in a position to indicate what their recommendation will be. At that point it will go to the Planning Assessment Commission for a final determination. This has been a long-running issue, and Mayor Jan Barham, who is sitting on the committee, could talk for hours, as I could, about that issue. Let us hope the decision is forthcoming soon.

The Hon. SOPHIE COTSIS: Minister, I would like to bring you back to the Infrastructure Renewal Scheme, because that will affect many North Coast councils. Can you advise us what the eligibility criteria are?

Mr DONALD PAGE: In essence, the eligibility criteria are that all councils will be allowed to apply for projects in their area. Typically, the projects will need to be worth \$1 million or more. However, if a council has two or three projects that add up to a total of \$1 million, they also will be able to apply for assistance in interest rates.

The Hon. SOPHIE COTSIS: I bring you back to what you were saying earlier. So you are saying that Treasury has \$1 billion—

Mr DONALD PAGE: No. I am saying that Treasury has given us \$70 million over five years, the purpose of which is to pay interest subsidies on approved projects that come forward from local government.

The Hon. SOPHIE COTSIS: That is right. Which councils are you looking at assisting? A number of councils will not be able to afford borrowings of up to \$1 million.

Mr DONALD PAGE: That is possibly the case. If they are so close to the edge financially that they cannot afford to take out a loan, even when 50 per cent of the interest is being paid, they probably should not be taking out the loan.

The Hon. SOPHIE COTSIS: But is this not about unlocking \$1 billion worth of infrastructure projects? What analysis was used to come up with a figure of \$1 billion?

Mr DONALD PAGE: It is just simple mathematics. If you put \$70 million on the table to pay half the interest rate then you can generate so many borrowings. There will be no shortage of projects coming forward, believe me. Professor Percy Allan's report indicated that there is a huge backlog in infrastructure across the State, so we will not have a shortage of applicants.

The Hon. SOPHIE COTSIS: The major councils that need this infrastructure funding assistance do not have the capacity to borrow up to \$1 million. How will you support those councils?

Mr DONALD PAGE: Those councils will be able to apply through the bigger \$5 billion infrastructure fund to seek support for their projects. If they are worthy projects they will be funded. However, if they do not have—

The Hon. SOPHIE COTSIS: Is that fund under your responsibility?

Mr DONALD PAGE: No, that comes under Andrew Stoner's portfolio.

The Hon. SOPHIE COTSIS: Can you tell me who will sit on the assessment panel?

Mr DONALD PAGE: At the moment we are recruiting people to sit on the assessment panel. So it is too early to say who will be there.

The Hon. SOPHIE COTSIS: When will the scheme start?

Mr DONALD PAGE: We hope to be able to have applications coming forward by the end of this year for assessment at the beginning of next year. This year we have a small allocation for those projects that are ready to go and next year has a much bigger allocation because the program will have been running for a full year.

The Hon. SOPHIE COTSIS: How will you track the ongoing payments? A number of councils are financially stressed at the moment and will not be able to apply. Will they borrow funding? Will you monitor that?

Mr DONALD PAGE: No. I was just saying a moment ago that if they are not able to borrow money with the 50 per cent subsidy, then I would not be recommending that they borrow money on their own without the subsidy. They will be able to apply under the infrastructure fund to have their project considered, whether it be rural or city.

The Hon. SOPHIE COTSIS: So this particular scheme will apply only to councils with borrowing capacity? That actually wipes out many smaller councils. Which group of councils are you looking at?

Mr DONALD PAGE: Each council will be assessed on its merits. The Division of Local Government already monitors councils. It can tell you at any point in time exactly which councils are struggling. It will be a case of when they apply, how they are travelling financially and an assessment will be done as to whether they can afford to take on those extra borrowings. If they cannot, they probably should not.

The Hon. HELEN WESTWOOD: I return to the issue of roads contestability. As Minister for Local Government were you consulted before that decision was made by the Government? Were you consulted, yes or no?

Mr DONALD PAGE: A lot of things go through Cabinet.

The Hon. HELEN WESTWOOD: I am not asking about Cabinet.

Mr DONALD PAGE: I am sure they would have gone through Cabinet.

The Hon. HELEN WESTWOOD: Were you consulted? Yes or no?

Mr DONALD PAGE: It would have gone through Cabinet, so I would have been consulted.

The Hon. HELEN WESTWOOD: I return to the issue of public sector jobs. Will you rule out public sector job cuts in Grafton?

Mr DONALD PAGE: No, I will not rule them out because I do not know if those jobs will be cut and, if there are any cuts, where they will be. It is way too early in the process to be looking at that sort of detail.

The Hon. JAN BARHAM: Minister, congratulations on your appointment as Minister for the North Coast, which is an important portfolio that is long overdue. It is much appreciated also that the person responsible for the portfolio comes from the North Coast. My question relates to employment and investment. Did you provide information about the investment level of the Broadwater and Condong cogeneration plants and do you have any update on the future of those plants?

Mr DONALD PAGE: I could get that information for you.

The Hon. JAN BARHAM: Is there any update on where they are going?

Mr DONALD PAGE: As you know, it is a very difficult situation because Delta owns half of that cogeneration plant project. For a range of reasons, including not being able to access fuel, the project is almost in liquidation. So it is a matter of real concern. At one point there was talk about having an overseas buyer to come in and take it on, however, I have not been advised in recent times whether that has come to fruition. I could find out. I would rather take that on notice and come back to you with the detail of it.

The Hon. JAN BARHAM: You have had no indication of any other opportunities? Is it your understanding that the whole camphor laurel fuel system is a no-go?

Mr DONALD PAGE: I would rather get the detail.

The Hon. JAN BARHAM: Yes, I will put that on notice.

Mr DONALD PAGE: If camphor laurel was going to be the solution to the problem, they definitely would have brought that in. I do not think that was going to make the difference whether things started to flow. A raft of issues has impacted on it, including the Federal certificate scheme for energy and so on. But they did have an issue with fuel supply. The native vegetation legislation does not allow the burning of vegetation for the purpose of generating fuel, which is a problem for the project. But an exemption was given to access native vegetation on road corridors where the native vegetation was being knocked over anyway.

The Hon. JAN BARHAM: You do not think it is enough to provide fuel levels?

Mr DONALD PAGE: I will get you an update on that.

The Hon. JAN BARHAM: A lot of money has gone into the region and it seems that the project is falling over. My next question is about the impact of tourism, which you referred to previously. In your dual role will you be looking at any reform for the North Coast regarding how small councils can deal with tourism, and whether there are any opportunities for additional funds for councils struggling under the pressures of tourism?

Mr DONALD PAGE: I understand the issue. One of the issues we have been discussing regarding Destination 2036 is that one size does not fit all councils. I do not know whether you have read the discussion paper, but we identified that coastal councils, for example, have a particular set of issues, including infrastructure needs, tourism and so on; western Sydney councils have a similar set of infrastructure issues but a different demographic; and inner city councils again have a different range of issues. One of the outcomes of Destination 2036 was to develop financial models for local government that are more related to their particular issues. We are mindful of what you are talking about. As I recall, we allocated in the last budget additional money for tourism, but I do not think that is the issue with which you are concerned.

The Hon. JAN BARHAM: That was marketing.

Mr DONALD PAGE: You are concerned about more infrastructure to help councils cope with extra population resulting from tourism.

The Hon. JAN BARHAM: Yes.

Mr DONALD PAGE: Again, the infrastructure fund could be a source of funding for councils into the future. But I recognise that issue and you and I have been talking about it for a long time.

The Hon. JAN BARHAM: Yes. I appreciate that it is being considered. In light of that, are there any comments about policing requirements? I appreciate that you have made submissions, and hopefully will continue to do so, about the unique needs for North Coast areas, in particular the huge pressures in Byron Bay, which has the highest levels of police stress leave in the State. One position needed in Byron Bay is a dedicated youth liaison officer to meet North Coast needs. Was that included in your submission for policing roles?

Mr DONALD PAGE: I indicated a raft of issues. It is a while ago since I wrote the submission but, from memory, I talked about some issues dealing with youth and youth crime. We need extra police, full stop. On the basis of my submission, we appear to have one police officer for every 700 people compared with the State average of one police officer for every 500 people. Prima facie, we had a strong case for additional police officers. Whether that will be reflected in the review that Assistant Commissioner Parsons puts to Cabinet is yet to be seen, but I am confident that the North Coast will see a significant increase in police numbers not least because of the high number of officers not available for operational duty. As you know, we have one of the highest levels of non-operational police officers; around 20 per cent of the total authorised strength is not available to go to work on any particular day. The Government is keen to make sure that we reduce that as far as possible and, hopefully, reach some sort of acceptable minimum standard.

The Hon. JAN BARHAM: A lot of that has to do with the unique qualities of a tourism town, particularly with some late night closing venues and related alcohol-fuelled issues. Is your Government or are

you willing to take on board the need for the alcohol industry to pull in the reins because of the impact socially and on policing?

Mr DONALD PAGE: I think the Government sent a pretty strong message to the alcohol industry with the "three strikes and you are out" legislation. The Government will not tolerate hotels that allow people to get drunk, behave badly and go out into the community to create havoc. I am familiar with the Byron Bay situation. I must declare an interest as I live in Byron Bay and I know exactly what you are talking about. From my experience, the people involved with the liquor accord in Byron have generally been fairly responsible in relation to the service of alcohol and the provision of food. That is not to say there are not issues. There have been issues with youth crime—in particular, with people coming from outside the town and challenging the local people to fights and so on. There are some issues there.

The Hon. JAN BARHAM: The budget indicates additional funds for social and crisis housing on the North Coast. Are you able to provide any information about where that will occur?

Mr DONALD PAGE: No, I cannot off the top of my head but I am happy to talk to the appropriate portfolio Minister about that and get that information for you.

The Hon. JAN BARHAM: You referred to planning powers. One of my favourite issues has been with Government for quite some time, and that is the west Byron development. Can you explain why a large development like that was not returned to local government when the Government has made such a big deal about returning planning powers to local government?

Mr DONALD PAGE: I understand about 50 per cent of projects in the Department of Planning were returned to local government. I understand that one was reasonably advanced, in terms of the rezoning proposals, but I could take advice on that. That would have been a matter for the Department of Planning as to why it kept it and did not return it to council. Normally the reason it has kept certain projects is that the project had gone down the track a certain way and therefore it would have been inappropriate to stop the process.

As far as I am concerned in relation to that potentially significant development in west Byron Bay, as the Minister for the North Coast, that will not go ahead until and unless the traffic issues in Byron Bay are sorted out. I have told the people that. As far as I am concerned, the traffic issues, which are already bad, cannot sustain an additional 800-odd blocks to the west of Byron Bay until we sort out the traffic issues, including the significant bypass and the mini bypass that you and I already know about.

The Hon. JAN BARHAM: The site was never included in the upgrade for the sewerage treatment plant because it was deemed not to be suitable for additional development. The other concern on the North Coast in a number of areas is regarding Crown land and this and the previous Government's move on caravan parks for the redevelopment of those areas, taking away much-needed affordable holiday places as well as affordable housing. Do you have any update on whether you are willing to make representations or have a concern about the commercialisation of Crown land?

Mr DONALD PAGE: What the previous Government did, and so far we are doing, is to try and ensure that the taxpayer gets a reasonable return on Crown lands. The land is not owned by the people who happen to live next door; it is owned by all the people of New South Wales. Part of that redevelopment is to ensure that the facilities offered to those who come to camp are nice—they have decent amenity blocks and so on. My understanding is that is what is happening: they are looking to upgrade the facility, not to turn it into a five-star resort. Basically, the redevelopment will be to improve the footpaths and the amenities so they probably can get slightly higher rents. In terms of reducing public access, obviously as somebody involved in developing the coastal policy all those years ago I am very keen to make sure that we do not lose public access to beaches. Are you talking about the one at Brunswick Heads?

The Hon. JAN BARHAM: It is one of a number.

Mr DONALD PAGE: The council and lands department were involved in a long negotiation in relation to a possible land swap.

The Hon. JAN BARHAM: The staff were, and that went against the community's position. It resulted from the fact that the previous Government would not approve plans of management developed in 2000 to allow the council to bring the park back into compliance. Then we saw the outcome: the takeover of the parks and

redevelopment against the interests of the local tourism industry, which does not want to see that competition on Crown land. It is complex, but it is not just in my area—I just know that area well. It is happening in the Tweed and further down around the Clarence area. This is a takeover of Crown land for commercialisation and I do not think most people will support that. Perhaps you could follow up on that issue. I have one more question, which is important for the North Coast. Do you have initiatives to support the creative sector and funding for job creation in response to the regional creative industries strategy?

Mr DONALD PAGE: The Government and I understand the importance of the creative industries to places like Byron Bay and the North Coast. You will be aware that in the past the State Government has provided support for things like the Byron Bay Writers Festival and other creative arts activities. I know of no plan to reduce anything, and personally I would be keen to see an increase in the amount of funding going to those sorts of activities. Interestingly, I sat on a public works committee that looked at the benefits of the creative arts industries to the economy, and the economic benefits are significant. Certainly overseas a lot of business people are funding creative opportunities in their shops that are closing around the central business district in order to bring people into the central business district because they recognise the economic benefits that flow from that. I do not need to be convinced or converted in relation to the benefits that come with an expansion of the creative arts and cultural activities associated with a place like the North Coast.

The Hon. JAN BARHAM: You will be a strong advocate for that?

Mr DONALD PAGE: Absolutely—that is why I go to the blues festival every year.

CHAIR: Minister, thanks to you and your departmental officers for attending this hearing and for being so cooperative. The budget estimates hearing for the portfolio areas Local Government, and the North Coast is now closed.

(The witnesses withdrew)

The Committee proceeded to deliberate.
