

# **GENERAL PURPOSE STANDING COMMITTEE No. 1**

**Tuesday 14 October 2008**

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

## **PREMIER**

**The Committee met at 2.00 p.m.**

## **MEMBERS**

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

The Hon. C. E. Cusack  
The Hon. K. F. Griffin  
The Hon. T. J. Khan

Ms L. Rhiannon  
The Hon. P. G. Sharpe  
The Hon. I. W. West

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## **PRESENT**

**The Hon. N. Rees**, *Premier, and Minister for the Arts*

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

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

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

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

**CHAIR:** I declare this hearing for the inquiry into the budget estimates 2008-09 open to the public. We welcome Premier Nathan Rees and congratulate him on his elevation to the position of Premier.

**Mr NATHAN REES:** Thank you, Reverend.

**CHAIR:** You may not be so happy following the inquiry. We also welcome Ms Robyn Kruk in her official position.

**Ms KRUK:** Thank you, Reverend Nile.

**CHAIR:** Today the Committee will examine the proposed expenditure for the Premier's portfolio. Before we commence, I will comment on procedural matters. In accordance with the Legislative Council 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 reporting the proceedings of this Committee you must take responsibility for what you publish or what interpretation you place on anything that is said before the Committee. The guidelines for the broadcast of the 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. Premier Rees, I remind you and the officers accompanying you that you are free to pass notes and refer directly to your advisers while at the table. I remind everyone to please turn off mobile phones. The Committee has agreed to the following format for the hearing: 20 minutes for questions by Opposition members, 20 minutes split between the crossbench and 20 minutes by Government members. We will repeat that process for each segment. We will have an afternoon tea break at 3.30 p.m. The House has resolved that answers to questions on notice must be provided within 21 days. The transcripts of this hearing will be available on the website from tomorrow morning. All witnesses from departments, statutory bodies or corporations will be sworn prior to giving evidence. Premier, I remind you that 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 declare the proposed expenditure for the Premier's portfolio open for examination. As there is no provision in the motion establishing these committees for the Premier to make an opening statement before the Committee commences questions, I give him the opportunity to table a statement or make a brief comment.

**Mr NATHAN REES:** No, I am right on that front.

**CHAIR:** We will proceed with questions from the Opposition.

**The Hon. CATHERINE CUSACK:** May I also add my congratulations on your appointment.

**Mr NATHAN REES:** Thank you.

**The Hon. CATHERINE CUSACK:** Do you prefer Nathan or Premier?

**Mr NATHAN REES:** Nathan is fine.

**The Hon. CATHERINE CUSACK:** Let us know if you want that to change. Nathan, I think the community was very excited by your announcement that there will be a new era of transparency in government, no more spin doctors, and that the notorious behaviour of the Labor Party is now a thing of the past and we will have no more scandals. Because this is your first opportunity as Premier to address the estimates Committee, could you give us some more background about yourself and your life experience, which your friend Bruce Hawker described as having a working life outside unions and political staff. Could we hear more about the experience that you are bringing to this position? In particular, you have talked about being a garbage collector. Could you tell us what that entailed?

**Mr NATHAN REES:** That will be brief.

**The Hon. CATHERINE CUSACK:** For how long were you in that position and what type of roster were you on?

**Mr NATHAN REES:** I left school in November or December 1985 at the completion of a HSC. I started work as an apprentice on 10 February 1986, an indentured apprenticeship, which meant that you were tied to the one employer for the period of the apprenticeship. The apprenticeship was in horticulture, to my dad's dismay, and it was a three-year TAFE course, which is par for the course. After a couple of years general duties on the Parramatta council, I shifted to the curating of cricket wickets, most particularly Old Kings Oval and Coleman Oval, but also a couple of croquet courts and golf course stints as well. I completed the apprenticeship on 10 February 1990, it would have been, and continued to work as a greenkeeper, from memory, for about the next 12 months before I got accepted into university at the end of 1990. I started there, it would have been, in March 1991. Earlier in 1991 I started in the collection of garbage at nights. To go to the detail of your question, I think that was a two o'clock in the morning start, depending on the day through to seven or eight, sometimes nine o'clock, depending on the time of year. Earlier in the week was heavier than later in the week. During semesters I would go from work, home, shower, off to university. We were made redundant from the garbos mid-1992, from memory, when the Solo bins came in.

**The Hon. CATHERINE CUSACK:** That was for about two years?

**Mr NATHAN REES:** It was not a full two years, no, and I have never ever said that. From memory, it was mid-1992, thereabouts. So 1991, 1992, 1993 undergraduate degree, 1994 an honours year. There is a range of other casual employment along the way: cutting glass, landscaping and so on, anything you could pick up. At the end of 1994 I started work as a base grade clerk with the Commonwealth public service and that was Admin. Service Officer level 1. It literally does not get any lower than that. I worked through until 1996. The end of 1997 I got a job with Andrew Refshauge and worked on his staff and then subsequently ministerial staff.

**The Hon. CATHERINE CUSACK:** Which Ministers did you work for?

**Mr NATHAN REES:** Refshauge, Knowles, and in a tangential capacity Della Bosca on a drug summit implementation matters, Iemma in Health, Carr, Orkopoulos, back with Iemma.

**The Hon. CATHERINE CUSACK:** That was from 1997 until—

**Mr NATHAN REES:** December 1997 I started there.

**The Hon. CATHERINE CUSACK:** Until your election last year in 2007?

**Mr NATHAN REES:** That is right.

**The Hon. CATHERINE CUSACK:** So 10 years on ministerial staff. In addition, the former Premier Morris Iemma when he welcomed you to Parliament, and I think you during your maiden speech as well, indicated that you had served as an industrial advocate. Was that a union position?

**Mr NATHAN REES:** I used to get seconded to the Community and Public Sector Union, which was a Federal union covering Federal public servants. I was seconded there on a number of occasions to cover periods of recreation leave and maternity leave, that sort of thing. I was never an industrial advocate or anything like that.

**The Hon. CATHERINE CUSACK:** What sort of period did you do that for?

**Mr NATHAN REES:** That was on and off probably between 1996 and the end of 1997.

**The Hon. CATHERINE CUSACK:** Just on the issue of the number of media staff that are employed in your office and were employed for the former Premier Morris Iemma, I might direct this question to Robyn Kruk, who of course was not in the Premier's office at the time of this. The Opposition submitted an FOI, you might recall, to the Premiers Department, on information, and the FOI released by the Department of Premier and Cabinet as at 1 June 2008 stated that the Premier had five media staff in his office. I am wondering how it got from five to 11 in the period since 1 June 2008.

**Ms KRUK:** I think in relation to that FOI, I was not the determining officer.

**The Hon. CATHERINE CUSACK:** Is the determining officer in the room?

**Ms KRUK:** No. I am happy to take the question on notice. Just tell me again, the issue is the number of media staff in the Premier's office?

**The Hon. CATHERINE CUSACK:** Yes.

**Ms KRUK:** I think, as you are aware, I am not the determining officer, I am actually the reviewing officer; so if an applicant seeks to query a determination on an FOI it would come up to me.

**The Hon. CATHERINE CUSACK:** Mr Chairman, I am happy for the Director General to look at this information; it is an official table given to us by the Premier's Department, which clearly indicates that there were five media advisers in his office as of 1 June 2008. I am happy for the Director General to look at that and decide whether it is a valid determination.

**Ms KRUK:** If you are happy to give it to me we will endeavour during the course of this inquiry to see if we can answer your question, if you want to continue with your question. Is that useful?

**The Hon. CATHERINE CUSACK:** If you are not prepared to stand by the determination at this point—

**Ms KRUK:** Understand it is a role issue. I do not with FOIs because there are strict procedures here. If the question is asked and reviewed by the determining officer I am sure it is a factual account. I am not being cute; I am literally saying—

**The Hon. CATHERINE CUSACK:** Do you have a view then about how many media advisers were in Premier Morris Iemma's office, and if so can you tell us how many?

**Ms KRUK:** Do I have a view? No. I am happy to actually provide you with factual information as to the number that were in Premier Iemma's office.

**The Hon. CATHERINE CUSACK:** How many media staff are you aware were appointed to Premier Iemma's office after 1 June this year?

**Ms KRUK:** I think after 1 June this year probably the only ones I am aware of would have been Adam Walters and Mr Choueifate.

**The Hon. CATHERINE CUSACK:** Were they appointed to the Premier's Department?

**Ms KRUK:** No, they were employed as staff are in any ministerial office or in the office of the Leader of the Opposition, so they were employed as special temporary staff.

**The Hon. CATHERINE CUSACK:** Was there not a special division that Mr Choueifate was heading up—a strategic division in the private office?

**Ms KRUK:** No, they were in the private office. The media interpretation of the roles was both broad and interesting.

**The Hon. CATHERINE CUSACK:** So assuming they are the only two extra appointments—

**Ms KRUK:** I am happy to be corrected. Understand, there are a number of staff, so there might have been others. My memory is that they were the only two.

**The Hon. CATHERINE CUSACK:** Premier, you seem to have a clear idea that there were actually 11 media staff in the Premier's office when you came into your position. Can you detail to us those 11 positions, and maybe begin with the five positions that you say—

**Mr NATHAN REES:** There are five positions that are no longer there that were there when I started.

**The Hon. CATHERINE CUSACK:** Can you tell us what those five positions are?

**Mr NATHAN REES:** I will give you the names if you like.

**The Hon. CATHERINE CUSACK:** Thank you.

**Mr NATHAN REES:** Pagett, Choueifate, Walters, Schmidt and Chow. They are no longer in the employ of the Premier's Department.

**The Hon. CATHERINE CUSACK:** What were the roles of those people? I think we know the roles of Choueifate and Walters, but Chow and Schmidt? Were they secretaries?

**Mr NATHAN REES:** One was involved in ethnic media liaison, as I understand it.

**The Hon. CATHERINE CUSACK:** Probably not Schmidt.

**Mr NATHAN REES:** I did not work with any of the other four so I cannot help you with the detail of them.

**The Hon. CATHERINE CUSACK:** You do not know what they were doing?

**Mr NATHAN REES:** No, I never worked with them; that is the point.

**The Hon. CATHERINE CUSACK:** The information we have is that Dale Pagett actually coordinated ministerial diaries across the Government and was not a media adviser until the former Premier.

**Mr NATHAN REES:** Not whilst I was there he was not. He has not been in my office since I took the job.

**The Hon. CATHERINE CUSACK:** I understand that, but you said that you had axed five media staff. What we are trying to understand is you obviously must have known that they were media staff in order to make that statement that you were axing media staff.

**Mr NATHAN REES:** I made a judgement, based on my observation of how the previous office ran, that they were involved in media activity and they were subsequently surplus to requirements.

**The Hon. CATHERINE CUSACK:** And who advised you that they were involved in media activity?

**Mr NATHAN REES:** It was obvious. They had been talking to journalists and so on.

**The Hon. CATHERINE CUSACK:** When you say it was obvious, you are confident that they were media staff, is that what you are saying?

**Mr NATHAN REES:** Yes, I am.

**The Hon. CATHERINE CUSACK:** Are you confident that Schmidt, for example, was on the Premier's staff?

**Mr NATHAN REES:** I would have to get some advice on that. If you are suggesting that he was not in the Department of Premier and Cabinet, I was not part of the official arrangements; I would have to get some advice.

**The Hon. CATHERINE CUSACK:** I am suggesting that he was on the staff of Michael Costa not on the Premier's staff.

**Mr NATHAN REES:** My understanding is he was subsequently seconded into former Premier Iemma's office.

**The Hon. CATHERINE CUSACK:** Can I ask the Director General of the department was this person on the staff of the Premier's office or was he—

**Ms KRUK:** They were certainly on the staff. They were all special temporary employees—again, the same employment category. From my recall—and understand there is always some mystery in relation to personal officers—both Mr Schmidt and Mr Pagett, I think, were seconded in from other ministerial offices.

**The Hon. CATHERINE CUSACK:** And then returned to the ministerial offices?

**Mr NATHAN REES:** Two of them were and two of them have subsequently started work in another ministerial office.

**The Hon. CATHERINE CUSACK:** So the secondments ceased, is what you are saying?

**Mr NATHAN REES:** I do not know what the official arrangements were. What I can tell you is that on level 35 I shared a floor when the Choueifate and Walters team started. They were on the other side of the floor. I wandered in to say goodbye one day and all those people were there, bar Ms Chow.

**The Hon. CATHERINE CUSACK:** When you say "some mystery" what do you mean that there is mystery in terms of those arrangements?

**Ms KRUK:** Literally in terms of what their roles are. I am not making a big statement on it, I am literally saying the allocation of responsibilities within a ministerial office is, in essence, a matter for the chief of staff.

**The Hon. CATHERINE CUSACK:** If I can just run through the two who are there. In terms of the ones who were redeployed, there was Schmidt, is that correct?

**Mr NATHAN REES:** My understanding is he is currently working with a Minister.

**The Hon. CATHERINE CUSACK:** Which Minister?

**Mr NATHAN REES:** Eric Roozendaal.

**The Hon. CATHERINE CUSACK:** So he was working with Costa, he is now working with Roozendaal, but you claim he was actually in your office, is that right?

**Mr NATHAN REES:** I am sorry?

**The Hon. CATHERINE CUSACK:** He was working with Costa, employed by Costa; he is now working with Roozendaal, but you are claiming him as one of five people that you have axed from your office?

**Mr NATHAN REES:** He was part of that team. There is certainly no doubt in my mind about that. He was part of a team that was set up on the other side of the floor on level 35.

**The Hon. CATHERINE CUSACK:** The reason we are trying to be specific about this is because this is all about spin doctoring and you are going to cut the spin and we are wondering have you spun the story about spin doctors being cut?

**Mr NATHAN REES:** It is certainly my understanding that those people were working for former Premier Iemma under the direction of John Choueifate. They are no longer in my office.

**The Hon. CATHERINE CUSACK:** And you gained that understanding because you saw them talking to journalists?

**Mr NATHAN REES:** And they were occupying part of the floor that I was on in my previous ministerial job. They were there.

**The Hon. CATHERINE CUSACK:** They were physically located in that office?

**Mr NATHAN REES:** That is right.

**The Hon. CATHERINE CUSACK:** So you have returned them to their original positions?

**Mr NATHAN REES:** Two of them, and three of them are out.

**The Hon. CATHERINE CUSACK:** They have been redeployed in other ministerial offices?

**Mr NATHAN REES:** That is right. They are not on my staff.

**The Hon. CATHERINE CUSACK:** One of the things that you stated when you announced that you would be slashing the number of media staff in your office from 11 to six is that there would be more movement on the reduction of media staff across the government and that that would be announced later. What movements have been made?

**Mr NATHAN REES:** I will have to get some advice on that, but we will make moves.

**The Hon. CATHERINE CUSACK:** Were you disappointed to read in the media today that the number of spin doctors seems to be escalating rather than decreasing?

**Mr NATHAN REES:** It is not in my office. It has been reported today that 19 jobs have been advertised across different agencies. Some of those are for media relations officers with large government agencies, for example, the Roads and Traffic Authority. The authority will provide advice to the member or anyone else in the event that there are breakdowns or delays in traffic. That recruitment also involves people working for outfits such as Sydney Water and who provide information to media outlets and the general public when there are, for example, burst water mains that affect traffic and those sorts of things.

**The Hon. CATHERINE CUSACK:** So it is only some spin doctor positions that are being examined, not all of them?

**Mr NATHAN REES:** We never said that we would axe all spin doctors. In fact, there is a legitimate role for some people in media liaison positions, whether they are called press secretaries or whatever. The fourth estate needs to get information and I accept that. I also stated early in the piece that my office and the government sector generally would reduce the number of media advisers. However, members must also understand that on occasion that may mitigate against speedy responses to requests for information, and that has happened on occasion.

**The Hon. CATHERINE CUSACK:** Is that a price you are willing to pay?

**Mr NATHAN REES:** It is certainly a price I am willing to pay. However, some members of the fourth estate may have a different view on that. I have made it very clear that I have a very different style from that of the two Premiers who preceded me. I have a strong view that the people of New South Wales are fed up with what you or they believe is spin. There is no quick fix for that and it is an indictment of the times in which we live, not only in this jurisdiction but also across Australia and, indeed, internationally. We have news cycles that are now sometimes as short as an hour. In contrast to 25 or 30 years ago, there is a relentless demand for the most up-to-date information. We need to get the balance right between the provision of that information, which is entirely legitimate, and curbing activity that is something other than the provision of information. That is what this is about.

**The Hon. CATHERINE CUSACK:** In the interests of that transparency and provision of information, will you now release details of the packages that Mr Walters and Mr Choueifate were on?

**Mr NATHAN REES:** I am happy for that to be released if the material is available.

**The Hon. CATHERINE CUSACK:** What were the redundancy arrangements for those two officers?

**Ms KRUK:** I gather that this is also the subject of a freedom of information request. John Choueifate's salary was \$290,000 in total and Adam Walters' was \$220,000. The redundancy arrangement is based on the guidelines for what would apply to anyone else. It is based on length of service. Obviously these two gentlemen had a short length of service. One officer received less than \$30,000 and one received less than \$20,000. It is literally based on the same formula that would apply across the board.



**Mr NATHAN REES:** Further to that, this unit was established at a recurrent cost of about \$600,000 a year. One of the first things I did—literally on the afternoon of day one—was to commence its dismantling. I told the director general to redirect every cent of that funding into homelessness initiatives in the inner city. I indicated on, I think, day two that homelessness was an issue. I asked the director general to ensure that all the money from that unit went into initiatives to deal with homelessness. It is not something we make a big play of, but the member chose to raise it.

**The Hon. CATHERINE CUSACK:** It sounds like spin.

**Mr NATHAN REES:** No, it is not. It is the reallocation of dollars. If it were spin, we would have announced it at the time.

**The Hon. CATHERINE CUSACK:** How much was re-allocated as a result of that?

**Ms KRUK:** The direction I had was as the Premier indicated. I think I rounded it up to \$600,000. I probably took a bit more of his budget than he is aware of, because obviously those two salaries do not amount to that. You have exposed me in that regard.

**The Hon. CATHERINE CUSACK:** So it was just those two salaries. The other three staff who the Premier feels were axed have really been reshuffled elsewhere.

**Mr NATHAN REES:** Two of the three have gone to other ministerial offices. I think the third took a redundancy package.

**The Hon. CATHERINE CUSACK:** So axing five is not an accurate description of what actually happened?

**Mr NATHAN REES:** It is an entirely accurate description of what I did in my office.

**The Hon. CATHERINE CUSACK:** It is not true that the salaries of five officers went to homelessness.

**Mr NATHAN REES:** I did not say that.

**The Hon. CATHERINE CUSACK:** Yes, you did.

**Mr NATHAN REES:** I did not.

**The Hon. CATHERINE CUSACK:** You just said that you asked that the funds for that unit be given to homelessness initiatives.

**Mr NATHAN REES:** That is correct.

**The Hon. CATHERINE CUSACK:** We have just heard that the figure was \$600,000, which is the salaries of two of those officers, not the five officers you have been claiming you axed.

**Mr NATHAN REES:** I am sticking with my statement, which is that the costs involved in the running of that unit have been diverted to homelessness initiatives. I am further advised that \$600,000 included four salaries.

**The Hon. CATHERINE CUSACK:** I do not understand. Where did that money come from if those staff are still employed?

**Mr NATHAN REES:** We will get the detail.

**The Hon. CATHERINE CUSACK:** They are still working as spin doctors for your Government.

**Ms KRUK:** I am happy to provide more details on the basis of what made up the \$600,000.

**Ms LEE RHIANNON:** The Government appears to be very keen to stage major events in Sydney, for example, APEC, World Youth Day, the V8 Supercars event and tennis tournaments. When coming into the job you made a commitment to reduce spin and to provide more information. Will you provide information on the economic benefits that will flow to New South Wales and how those economic benefits are determined?

**Mr NATHAN REES:** Are you interested in the advice given to me about the V8s in particular; is that the particular event about which you are seeking information?

**Ms LEE RHIANNON:** I want to deal with World Youth Day, because you and your predecessors would regularly refer to the enormous economic benefits that the State would enjoy as a result of holding it, but we could never access the relevant papers.

**Mr NATHAN REES:** I will be honest with you: the initial estimated cost of World Youth Day was, from memory, \$20 million, but it blew out to five times that. I am not aware of a study that has been done on the cost benefit of World Youth Day. If that material exists, I am happy to furnish it.

**Ms KRUK:** I understand that a report is being compiled which looks at the full conduct of the World Youth Day event—the costs, the benefits and the impact on business. It will also look at regional impacts. I believe that is in its final stages.

**Ms LEE RHIANNON:** Premier, you just said that the cost blew out to five times the original estimated cost. The last report on the figures said that the cost was between \$152 million and \$193 million, which is more than five times that estimate.

**Mr NATHAN REES:** From what report have you drawn those figures?

**Ms LEE RHIANNON:** It is a report prepared by the Department of State and Regional Development on the gross value. Is that the report you are referring to and will it be released?

**Mr NATHAN REES:** No, that is not the report I was referring to. However, if that exists and it is germane to the cost-benefit analysis, I am happy to have it released.

**Ms LEE RHIANNON:** Will you release the report that we understand was prepared prior to World Youth Day involving a number of departments providing information to the former Premier, or possibly the Treasurer, on what the economic benefits would be? The Government clearly did not go into this event without some advice. Will you publicly release that information?

**The Hon. TREVOR KHAN:** That is a bold assessment.

**Ms LEE RHIANNON:** I will keep going with my questions and The Nationals can—

**The Hon. PENNY SHARPE:** Not interrupt.

**Ms LEE RHIANNON:** There was a report prior to World Youth Day being held about the costs that that project would incur and the economic benefits that would flow to New South Wales. We tried to get it released by submitting an FOI request and we called for papers. The Government used its numbers with the Shooters Party and the Christian Democrats to block that move. Will you honour your commitment to be more open and release that information?

**Mr NATHAN REES:** My preference would be that it be released with the assessment that is being done currently on the costs and/or benefits of the whole exercise.

**Ms LEE RHIANNON:** So, you are saying that the previous report, prior to World Youth Day, will be released?

**Mr NATHAN REES:** My preference is that if it is going to be released—there may be some compelling reason not to, but I am not aware of one—I want it released in that context. I think your underlying assertion is it was not value for taxpayer money. If that is the case, I want to learn from that, and I am sure the taxpayers do as well.

**Ms LEE RHIANNON:** If you want to learn from that, the problem we had was getting that information released before the event. With the V8 Supercars and any other event you come up with, will you release the advice you receive prior to these events being held on the economic benefits that should flow to New South Wales?

**Mr NATHAN REES:** I am not trying to dodge this, but if you were asked—and I know I am the one fielding questions today—to put a dollar value on how good people felt in Sydney during the Olympics, you would struggle to put a dollar value on it. So, as long as some reasonable attempt is made to estimate the intangibles as well, I am happy to look at all of that. When we talk about a benefit to the State, it is not always measurable in dollars, and this is a point I have sought to make on a number of occasions. I do not think as a city and as a State we have pursued as strongly as we should have opportunities for events in Sydney and in New South Wales subsequent to the Olympics. I think there is some legitimacy to the argument that says we rested on our laurels. Part of my job is to turn that around. Wherever it makes reasonable sense to pursue events for Sydney and New South Wales, that is what we will do.

**Ms LEE RHIANNON:** Just on the V8 Supercars, I want to check with you who are the sponsors for the V8 Supercar race. Are there any other sponsors on top of the current list of sponsors, which includes Big Pond, Fujitsu, News Ltd, Chrysler, Channels 7 and Dunlop?

**Mr NATHAN REES:** I was aware of two or three of those, I think. If there are others—

**Ms LEE RHIANNON:** That is my question to you. If you take it on notice, that is quite okay. I understand they are the sponsors that you have a list of.

**Mr NATHAN REES:** I am happy to give you a list of all the sponsors and what they are putting up.

**Ms LEE RHIANNON:** I understand the New South Wales Government provides employer-sponsored child care facilities at Namboree Child Care Centre for New South Wales public sector employees in Sydney. Is that the case? Does the New South Wales Government provide access to similar employer-sponsored child care facilities anywhere else in New South Wales?

**Mr NATHAN REES:** I might get Ms Kruk to speak to that. I do not know the details.

**Ms KRUK:** Yes, we do. I do not know the exact arrangements.

**Ms LEE RHIANNON:** Was the yes to the Namboree or was the yes to other areas?

**Ms KRUK:** Yes to Namboree. I am quite happy to find out the arrangements. Having been the former head of Health I know probably most other employers have difficulty attracting staff. I think there are a number of arrangements in place where there are shared facilities with the community in relation to access to child care places. I am happy to give you more advice on that. I do not know the exact terms and conditions.

**Ms LEE RHIANNON:** So you are taking that on notice?

**Ms KRUK:** Yes, I will.

**Ms LEE RHIANNON:** To add to that, does provision of employer-sponsored child care facilities provide tax benefits to those New South Wales public sector employees in Sydney who use it?

**Ms KRUK:** If you give me a full list of those questions, just read them on to the transcript for me, and I will follow them through.

**Ms LEE RHIANNON:** Can I get advice? Do I have to read them on now?

**CHAIR:** You can put them on notice in this Committee, and they will be answered within 21 days.

**Ms LEE RHIANNON:** Premier, could you put on the record when your Government will announce progress to reform political funding, when the legislation is coming through or what your plans are? Will you release the Twomey report on political funding publicly and, if so, when?

**Mr NATHAN REES:** Yes, we will release it publicly. It is under active consideration at present. My personal view is that we as a democracy would be well served by public funding of election campaigns, and absolutely minimise donations from corporate or individuals. The constitutional and practical difficulties to that are significant. There is already significant case law on whether or not there is an implied right to donate. If we move down that path it does not appear at this stage, on the advice to me, that a single jurisdiction can do it on its own, which is regrettable. That appears to be the case.

**Ms LEE RHIANNON:** Is that advice in the Twomey report or have you received other advice?

**Mr NATHAN REES:** Both.

**Ms LEE RHIANNON:** So, you have the Twomey report already?

**Mr NATHAN REES:** Yes, and it is under active consideration. So, it is difficult for a jurisdiction to pursue my preferred position on its own. That is the first thing to say. The second thing to say is as much as it might be par for the course for those of us in the political domain to be entirely comfortable with the receipt of donations and the notion that people want to donate, my view is that the vast bulk of people in our community cannot begin to comprehend why anyone would want to donate to a political party or an individual. I do not think it is on their radar. The balance we need to strike is, if someone wants to put their hand up as a local candidate for whatever party, for whatever cause, they need to be able to raise some brass. As much as I would like public funding for all election campaigns, there are significant constitutional issues around it. There are significant practical issues for individuals who might choose to run for whatever causes at local government level or State. I think realistically, as much as it pains me to say it, it is something that requires a national approach.

**Ms LEE RHIANNON:** As you have the Twomey report, will you release it now?

**Mr NATHAN REES:** It is under active consideration. That is, I am reading it. I am not going to release it until I have read it. It is not far away.

**Ms LEE RHIANNON:** I do not want to verbal you, so if this is incorrect just say. I thought you said you supported the Canadian model, which has comprehensive ways of managing public funding similar to what the upper House inquiry on this matter came up with. As well as the issue around donations and limiting or banning donations, there is the important issue of limiting expenditure on elections. Are you considering that being part of the package irrespective of whether that package is introduced in New South Wales or, what you recommend, Federally?

**Mr NATHAN REES:** This is one of those ones where, for every complex problem there is a simple solution that is always wrong. Let us suppose there is an upper limit on running a campaign of \$10,000 but, implied in whatever the statute is, everyone has a right to donate to a candidate of their choice. If you are the last candidate to come along and your donation is going to tick it over the \$10,000 limit, what happens? There are real practical issues around this.

**Ms LEE RHIANNON:** But the limits are on the individual candidate or the party. It is not cumulative across parties. No system in the world is like that.

**Mr NATHAN REES:** Maybe. With regard the Canadian system—I think I was asked about this last week and I had the chance to get some advice on the Canadian system. For a range of reasons that I cannot recall at the moment it does not seem to be something we can pursue here. I am an open book on this stuff. I do not enter a discussion unless I am prepared to change my mind. If there are more compelling arguments around a particular policy course of action, I am happy to hear them. My personal preference is clear but it is not nearly as simple as I would like.

**CHAIR:** Following up that area, you implied a moment ago in your comments that we should leave this whole reform of public funding and donations to be done on a national level, but it is correct, is it not, that New South Wales, in the initial interaction of public funding and other reforms, led the way? We did not wait for the other States. Those initiatives were taken by former Premiers.

**Mr NATHAN REES:** That is right.

**CHAIR:** So, should we back off giving leadership to the nation at this point?

**Mr NATHAN REES:** Let me answer that in two parts. You are spot on. In February this year a range of reforms were announced and they commenced in July this year. They included biannual disclosure of donations, a universal disclosure limit of \$1,000 and new rules for the management of campaign finances to promote more thorough, accurate and timely reporting of the information. The difficulty that arises is for those political parties that operate across a number of jurisdictions. We need to ensure that transfer of donations across jurisdictions is also transparent.

What scared the life out of me was when one of the experts put to me that if there was a High Court challenge after an election to whatever legislation we arrived at in our own jurisdiction, the election under which those rules have been held may well be declared null and void. I do not like this complexity and I suspect the vast bulk of people involved in our sphere of activity do not like it either, but that is the reality here and unless we get a set of legislative arrangements that constitutionally stack up across Australia, we run serious risks.

This is an issue that has baffled far better brains than mine and I would like to be able to say that all our elections are going to be publicly funded. The reality is that it is much more difficult than that. As I said to Lee, we have got the Twomey report. For those who do not know, she is a constitutional lawyer. Her report has been delivered to us. It is under active consideration but there are serious issues here. We simply cannot make policy on the run on it, but the issues are very significant and go across jurisdictional borders, which is part of the problem.

**CHAIR:** I know that because of your approach to issues you will cut through all the red tape—

**Mr NATHAN REES:** I hope so.

**CHAIR:** —and any academic kind of smoke screen that may come through some of those areas to get to the realities of what can be done and should be done?

**Mr NATHAN REES:** As I indicated, it is about giving people confidence in the system that they support through their tax dollar but also, frankly, it is not my democracy, or Kevin Rudd's democracy or Barry O'Farrell's democracy; it is the people's democracy. They need confidence that if they want to put their hand up to run for a local issue, they are going to be looked after on what ever arrangements we strike as much as anyone else.

**CHAIR:** We are all in favour of that. You have already made reference to the V8 supercar proposal at Homebush, which you have been strongly supporting. Have you prepared any outline of the benefits of having it located at Homebush and is any direct or indirect government funding for grants going towards that project?

**Mr NATHAN REES:** There may be. Minister Macdonald is currently in negotiations with the proponents. The figure that has been approved by the Government is up to \$30 million over five years. That has publicly been reported—that is in cash and in kind. That has been the Government's decision. The forecast economic benefit of the event includes a contribution to the gross State product of around \$100 million over five years, an additional 30,000 hotel visitor nights in Sydney each year, \$1.1 million directly from payroll taxes, the equivalent of 110 new full-time jobs and all the intangibles that I alluded to earlier.

I think it is going to have a positive impact for New South Wales, both through the economic contributions, international and interstate visitations, job creation and the other flow-on effects. The evaluation of the economic impacts is based on a methodology developed by the Government, and it uses the information provided by these proponents, as it does with any other. Currently a deed is being drafted and event-specific legislation to facilitate the event. The capped figure will include the capital costs, the contribution to recurrent costs and any emergency services costs. We are not contemplating any compensation in respect of the conduct of the event.

In addition to that, the V8 Supercars organisation has announced that the cars will run on 85 per cent ethanol fuel by 2009, which is a good thing. I asked a question with respect to trees—and I think it was the first one that I asked. I asked what happens if they were going to take down a tree. For every tree that they take down, there will be another three planted of roughly the same size, perhaps not in the same precise location but in the same precinct. The question arises as to why this was a superior venue to Eastern Creek. That was

reasonably straightforward. Eastern Creek was designed for motorbikes in the first instance but also the viewing areas are not as expansive.

**Ms LEE RHIANNON:** But Olympic Park was not designed either. That argument falls down, Premier.

**CHAIR:** The Minister is answering my question, thank you.

**Ms LEE RHIANNON:** He has just undermined his whole argument.

**CHAIR:** I will let you ask your questions later.

**Mr NATHAN REES:** The most dominant argument against Eastern Creek was the fact that Sydney Olympic Park already has very well developed public transport infrastructure into and out of the precinct, which would have been difficult to replicate, obviously, out to Blacktown and Prospect. On balance, it was considered that the Olympic Park venue was the preferred location, and it starts up in December of next year. As I have said before, it is not necessarily my cup of tea but there are lots of people around who are right into this stuff. It is another event that we can add to Sydney's calendar. It is another event that people in Sydney can enjoy and another event that enables us to demonstrate the vibrancy of our city and of the State.

**CHAIR:** Were you encouraged by the success of the Bathurst race that has just been held that you have made the right choice?

**Mr NATHAN REES:** I certainly was, yes.

**CHAIR:** With audience numbers and so on?

**Mr NATHAN REES:** One of the points made to me around events generally is that for events in cities or countries to be successful they have to be anchored around the same time of year, whether it be the Tour de France, the cricket tests or the Melbourne Cup, whatever it might be. That enables international and interstate visitors to plan, knowing that in December of each year or November of each year there will be a V8 supercar race in Sydney, or there is going to be a cricket test on Boxing Day or whatever the story might be. Getting those anchor projects outlined to me is very important in order that people can plan ahead. Some people plan these trips 12 months ahead. They knock around with their mates, start saving and all the rest of it, head overseas or interstate and hopefully to Sydney and to New South Wales to enjoy events. Whether it be the Golden Slipper or whatever else it might be, we have to put these anchor events on our calendar so that people can plan their trips around them, and this is part of it.

**CHAIR:** Premier, were you surprised at the announcement—you did not make it—that there would be funding for the homosexual mardi gras, in view of the believed wealth amongst that community, as to why they would need taxpayers dollars to help that event?

**Mr NATHAN REES:** You are right, I was interstate at the time. As I understand it, it was about \$400,000—I stand corrected if that is not the case—similar to the funding of things like the Tamworth Country Music Festival and other big events around New South Wales. It is a longstanding practice to fund it. There is a legitimate question around the funding of any of these events in the context of putting a mini-budget together; I accept that. But my view is that the value we add in terms of the international stature of the city and the interstate travel and the benefits that are derived from that make up for it.

**CHAIR:** There was a reported statement in the media that implied that the official who approved the grant, I think the events coordinator, said something along the lines, "We don't need the Government's support" or "We don't need Parliament's support. I've made the decision." Would that be correct?

**Mr NATHAN REES:** I would have to get some advice on that but my director general is telling me that it is an independent organisation.

**Ms KRUK:** Mr Nile, Events New South Wales, as I think you may be aware, is actually a proprietary company limited by shares and although the New South Wales Government is a clear major shareholder, the issue is I gather in the instance of the mardi gras they have applied a cost-benefit methodology. I think you also understand, because it is not a new issue for this Chamber, that the New South Wales Government has provided

in-kind support, as have previous governments, to the mardi gras parade for a number of years by way of support from the Roads and Traffic Authority, various rescue services, police and the like.

**CHAIR:** But not grants.

**Ms KRUK:** It is expenditure of one form or other anyway. The events board was charged with the responsibility of pulling together an events calendar. My understanding is that the mardi gras was one event that got some financial support on that front, but, as the Premier said, there were a range of other events; I think most recently the ones that were announced in relation to the harbour islands. The intention of the events calendar is to have activities across the Sydney Domain and across major centres across the State on a year-wide basis.

**CHAIR:** Premier, in view of the way the official made the announcement, would you be of a mind to review that decision?

**Mr NATHAN REES:** I am certainly of a mind to review the way in which the decision was announced. Clearly, that is a sensitive issue in the context of a mini-budget, and I read about it interstate without a phone call even. That is annoying, but these things happen. It is a big State. People make independent decisions without recourse to me or my office. Sometimes that causes frustrations. That was one of them. I would like to have been able to more adequately explain the rationale at the time, rather than try to do it from another State.

**Ms LEE RHIANNON:** You support it; it is just that you want to explain it?

**Mr NATHAN REES:** I support it, for the reasons I have outlined, as I indicated about the V8s. I do not have to be a supporter of V8s in order to recognise that there might be a benefit to the State. It is in that vein that I am happy to back those sorts of events, provided we are persuaded that there is an overall benefit to the people of New South Wales.

**The Hon. IAN WEST:** Premier, could you provide the Committee with an update on, firstly, the international financial crisis and, secondly, the New South Wales mini-budget?

**Mr NATHAN REES:** Certainly. I will take the second part of that question first, if I may. We will be delivering a mini-budget on 11 November, and it will be responsible and robust. It will establish the fiscal credentials of my Government against a backdrop of seriously challenging international volatilities in financial markets. A few weeks ago I announced in Parliament—recognising that there was some delay between when we announced that we were going to draft a mini-budget and when it was going to be delivered—that, recognising that the business community needed certainty, the payroll tax concessions that had been previously committed by the former Premier would be maintained. That will see a reduction in payroll tax to 5.75 per cent in January next year, then further reductions to 5.65 per cent from 1 January 2010, and then further reductions to 5.5 per cent from 1 January 2011.

Additionally, and consistent with that budget announcement, the payroll tax threshold will be indexed annually in line with the consumer price index. This initiative is equivalent to injecting about \$1.9 billion into New South Wales businesses over the next four years. We have made a strong commitment on that front and we will take every measure available to us to minimise our exposure, protect our economy, and foster investment and employment growth in New South Wales, despite a difficult international climate.

Today I want to give a further indication of the way my Government will operate. The subject this time is the public service and public administration. The public service of New South Wales needs a strong and capable—and, in my view, innovative—leadership to deliver the services our community deserves. It needs to be a leadership that understands that we are here to provide services and infrastructure, and for no other reason. On occasion I have seen an overemphasis on process in our jurisdiction. What I want to demonstrate is that my Government is about the outcomes, rather than about an emphasis on process.

We have been putting together the mini-budget, and it is no secret that we are asking all agencies to tighten their belts. Some of the measures that have come forward from different agencies—I will not mention the agencies specifically—are things like developing sporting fields as a revenue-raising option; curtailing pensioner travel discounts; and, in one case, winding back on a scheme that subsidised spectacles for disadvantaged kids. That is not the sort of innovative thinking I am after.

My message in developing this mini-budget is that I want it to be about new ideas and new ways of doing things. I do not want the first instinct for our public servants to be cuts to services for working families. Families are already under pressure—with high petrol prices, mortgage interest rates which, until very recently, have suffered a series of hikes, and with the rental market very tight. I do not want services diminished or shrunk; I want them expanded. It is for that reason that I have decided to intervene. Having seen the quality of some of the contributions that have come forward, I have decided to intervene. Today I have asked the Director General of the Department of Premier and Cabinet to write to every New South Wales Government department, to decrease the number of senior executive positions by 20 per cent. This will result in the reduction of 171 positions; that is the estimate at this stage.

In setting the savings targets, I have also asked the Director General to take into consideration the relevant numbers of senior executives in each agency. This is about senior executives; it is not about front-line staff. That is the message I want to send. These savings will yield around \$34 million per annum once they are fully implemented; over a four-year period they will yield around \$120 million. This is about reducing staffing costs across the board. I want to make sure that senior executives are bearing their fair share and making a real contribution to the fiscal credibility that underpins the mini-budget.

With regard to the second part of the question, we are currently witnessing one of the most significant events. Alan Greenspan said the other week that he would be very surprised if a shake-out of this sort, which is a one-in-50-year or one-in-100-year event—I am paraphrasing, obviously—did not have a very serious ripple effect on some of the world's major economies. We are certainly seeing that. Alan Greenspan said this is a situation that is "in the process of outstripping anything I have seen before". He went on to say, "I can't believe we could have a one-in-a-century-type financial crisis without a significant impact on the real economy globally, and I think that indeed is what is in the process of occurring."

We need to take steps—as indeed the Federal Government has, and I congratulate the level of bipartisanship that Turnbull has shown. Yesterday the Federal Government took the unprecedented move to guarantee \$700 billion currently deposited in Australia's banks and credit unions. Our banks are protected by a high level of regulation, although that was wound back in the mid to late 1980s. I am sure I am not the only person who remembers studying economics, and the aftermath of the Campbell report and the Campbell inquiry.

**The Hon. CATHERINE CUSACK:** It was the 1990s.

**Mr NATHAN REES:** No, it was not all in the 1990s. The restrictions on foreign banks coming into Australia were eased in the mid-1980s and liquidity ratio requirements were also eased in the 1980s. We digress.

The slowdown has been concentrated thus far in consumer spending and housing investment. That was expected, in the face of tighter monetary policy, rising petrol prices, and the financial market turmoil. Growth in the New South Wales economy is forecast to slow in 2008-09 as a result of higher interest rates and more exposure to the effects of the financial market fall-out and the mining boom. However, the Reserve Bank interest rate cut in September and Federal tax cuts applying from 1 July this year continue to strengthen business and public sector investment, and recent Government initiatives to stem the global credit crisis will also assist in slowing the otherwise serious rate of decline in growth.

The forecast showed difficult times ahead, and that is why the mini-budget is now more important than ever. As I have said on a number of occasions, I wish the circumstances I faced five weeks into the job were different, but they are not. I could whinge about it, or we can get on with the job. That is what this is about. We need to get the best possible advice. That is why I asked Bernie Fraser and Ian Macfarlane, two former heads of the Reserve Bank, to assist us in putting together the mini-budget.

I have said previously that if we need to go outside the conventional sources of expert advice in order to put policy together, whether it be fiscal policy, health policy or anything else, that is what we will do. So we will be drawing on some of the best minds on this matter. They will be reporting directly to the Cabinet, and they will be given full access to Treasury briefings to assist them in their task. In reporting to Cabinet, they will assess the impact of international and capital market volatility on New South Wales growth, on employment, on investment, and on our asset prices, and the future prospects for New South Wales. They will also advise on strategies to limit our exposure to the volatilities we are now seeing everywhere.

I recently met with the ratings agency Standard and Poor's in Melbourne—on the same day that the grant to the Mardi Gras was made—and I sent a clear message that fiscal responsibility will be a fundamental



platform for my Government. We are dedicated to maintaining a triple-A rating and ensuring that our longer term spending commitment does not exceed our capacity to pay with our revenues. We are addressing our longer-term infrastructure and spending needs through that mini-budget that comes down on 11 November. I have said repeatedly that in putting together the mini-budget we need maximum flexibility: flexibility to respond to competing priorities and changing economic circumstances. We have seen in the last 10 days how quickly things can change. We are also committed to the business community. I outlined previously the retention of the former Premier's commitment to reductions in payroll tax. In practice what this is about is protecting jobs, encouraging investment and growing employment. It is about defending our strong economy from the dangers of overseas events and ensuring that the New South Wales economy is in the best position for the international circumstances we face not just now, not just for the existing forward estimates period of four years, but beyond that period as well.

**The Hon. PENNY SHARPE:** Premier, I would like to ask you about trains and what the Government is doing to improve the reliability and performance of our network?

**Mr NATHAN REES:** One of the first acts of reform was announced last week: that was bringing RailCorp under direct government control. I was not satisfied with the board's performance. I was not satisfied that the board was significantly cognisant of the requirements of the portfolio Minister. The Minister is now directly responsible for that organisation and for delivering better results. Getting RailCorp back under direct control as financial and performance ramifications and I will be working with Minister Campbell to pursue improvements in both.

One of the problems with a State-owned corporation—to be fair to the board and to be fair to the organisation—is that the community has an expectation of service and a board has a fiduciary requirement to act commercially. At its most absurdly manifest this led to a situation—and I have used the example that I catch the trains frequently—that on some occasions when you have ridden not a train but a bus, because track work is happening, and you get to the other end to go through the turnstiles and there are people wanting to check your ticket. You are already late and they are putting the screws on you for your ticket to make sure you have paid the right fee for the long bus ride that you just had. That, to me, embodied the policy schizophrenia of the organisation if you like—without diminishing those who suffer schizophrenia—but you get my point. You cannot have an organisation wanting to go down a service delivery route but, on the other hand, have a board pulling them back towards a commercial focus, particularly when 75 per cent of their operations are subsidised by the Consolidated Fund.

That meant there was a fundamental need to restructure the organisation. The report of the Boston Consulting Group—and I am pleased to say we released that report within 24 hours of being asked about it—makes clear that reforming rail is necessary. It also requires a partnership with staff and a clear plan to the future. The Independent Pricing and Regulatory Tribunal [IPART], which I personally have a great deal of time for, has suggested that there is in the order of \$500 million in waste in RailCorp and that industrial reform is the answer, at least in part, to the financial and operational performance. The Boston Consulting Group's report says around \$200 million can be obtained over a period of several years but it will require significant investment in safety and communications capital. So there is a range of options there but both organisations agreed on the fact that there are significant savings—in the order of up to \$450 million according to IPART.

RailCorp is a \$2.5 billion per year operation. It has got a \$2 billion Clearways program and \$3.5 billion rolling stock purchase underway, but \$200 million is a lot of money. We need to make all the savings we can but in the context of the organisation as a whole it is not as great a priority as improving the services. That means clean trains, it means more trains, and it means trains that run on time. That process is underway. Am I frustrated at the lack of progress on some of these things? Yes, I am but I also accept that we have got a system that is one of a kind with any comparable jurisdiction in the world. All the tracks lead to one spot and by necessity that creates a level of congestion on the rail lines.

That is why we started the Rail Clearways program: 15 rail infrastructure projects to separate the different lines so the interdependence is diminished. To date the Bondi Turnback has been completed, the Macdonaldtown Stabling has been completed, the Berowra platform has been completed, and the Revesby Turnback will be completed on time later this year. The Epping to Chatswood rail line will also be completed later this year and will be ready for service early next year, along with the Hornsby platform works and stabling. These will improve the on time running of our system. The outer suburban cars ordered under Premier Carr—two Premiers ago—have arrived and the PPP trains start arriving next year.

The long term growth on our network has historically run at around 1 per cent to 2 per cent, but last year rail patronage grew by more than 5 per cent—that is around another 15 million passengers in a year. There is a range of explanations for that including the price of petrol and so on. To give an example, when I was in Melbourne the other week I was talking to the head of the transport agency there. The patronage on the suburban rail network in Melbourne has increased by something like 40 per cent over the last three years. So we have got challenges and they have got very significant challenges and they are now talking billions of dollars of infrastructure to upgrade their system. Brisbane has grown at over 5 per cent in the last year as well. There is a range of factors at work here: petrol prices, workforce participation and increasing environmental consciousness. There has also been an increase in the central business district employment growth—I will touch on this again because the concept that we fix congestion, whether it be road or rail, simply by expanding the lines and the roads that run into the city I think is pretty short-term thinking.

In the conceptual sense of urban planning we have talked about centres for along while. My view is that we need to put meat on those bones. Rather than have an expectation that people have to travel into the central business district each day to work to pay the mortgage, to pay their rent and to raise their families, as a city we are much better served over the longer term by pumping up those centres that have already been identified: the Hornsby, the Parramattas, the Hurstvilles, and the Penriths, so if we get the commercial activity right, the residential activity right, the retail activity right, the employment lands right, and we put in the appropriate increases in localised transport options, we then create the preconditions for investment there and that means that job growth will occur and enable people to work closer to home.

At the end of the day that is what good policy is all about. If people are working 20 minutes from home, that is 40 minutes of travel each day compared with 2½ hours per day. It is more time they can spend with their family or walking the dog or whatever it is they might choose to do. I used to live at Bullaburra in the Mountains and it was 2 hours each way and it just kills people. You just cannot do it. It is not fair on families to do it. I think the time is right for a broader discussion on the thinking that all lines and all roads should lead to the central business district.

**The Hon. PENNY SHARPE:** I would next like to ask you about schools and, in particular, what is happening with the school maintenance on capital works programs across the education system?

**Mr NATHAN REES:** We are spending another \$31.5 million on school maintenance in the financial year 2008-09 as part of our four-year \$120 million accelerated program. That means an additional 1,400 maintenance tasks including painting, new carpet, playground repairs, repairs to walls and ceilings and those sorts of things. This additional funding will bring the school maintenance spending for this year to \$230 million or nearly \$4.5 million a week.

I recently announced changes to planning laws to cut red tape in the delivery of essential school infrastructure, like halls and gyms. We were out at Chester Hill North about a fortnight ago, a school that wants to put a school hall in. Without being unfair to the council, the DA had been held up. There were other schools that were having school hall construction held up by up to six months. My view is that these are pretty well off-the-shelf constructions and that provided there is not going to be a shadow wrecking someone's next-door garden, provided it is sensible, there is no reason that the council should be holding those things up. The changes we have made mean that some of these projects will be approved in as little as 10 days. If they meet the specified planning criteria they will be automatically approved. Some examples are a school gym at Sylvania has been delayed for 193 days, a hall at Green Valley Public School 145 days, Fairvale Public School 132 days and a school hall at Lurnea 103 days. The changes will result in reducing those approval times to as little as 10 days. We will amend the infrastructure SEPP to incorporate complying development criteria, which will provide for the more efficient delivery of these halls, gyms and other multistorey buildings for school purposes and include suitable siting and design criteria to minimise impacts on neighbours. These developments, provided they meet the criteria, will not need council approval.

The departments of planning and education will develop a protocol for triggering dispute resolution provisions. That was another issue when I dug down into it. Some of the agencies were not making use of the dispute resolution method that was already there. The Department of Planning will work with private schools also to provide complying development provisions to streamline approval processes for the delivery of their infrastructure. Public schools across the State will benefit from extra maintenance funding in 2008-09: repairs to playgrounds, painting and new floor coverings at Kempsey High School on the North Coast; wall and floor repairs to be completed at Dubbo Public School; and bring forward the security fence at The Meadows Public School at Seven Hills. Through our school maintenance program principals can have urgent maintenance

assessed within 24 hours. In some cases repairs can be scoped within two hours for Sydney schools and four hours for rural and regional schools. Under the urgent repairs program, around 25,000 projects were completed last year to fix broken windows, damaged water facilities and blocked drains. We have also introduced new four-year contracts, which gives principals a greater say in prioritising works at a local level. We are investing \$1 billion over this four-year term in office on school maintenance. The maintenance of about 2,200 schools is not dissimilar to the painting of the Sydney Harbour Bridge. It is an ongoing exercise; it does not end. I have made it clear that I expect to see results on the ground, whether it is security fencing or toilet upgrades, around the State.

We have worked hard to improve school facilities, with \$648 million being spent this financial year on capital works generally in our schools, and 16 new major school building projects under way. That is in addition to the 42 projects that were already started. There is funding for three new schools in 2008-09 at Elderslie, Middleton Grange and Rouse Hill, which the Government is delivering through public-private partnerships. On that issue, there was scepticism around the time that we announced public-private partnerships for school constructions. Can I say that the teachers I have spoken to who work in those schools, to get someone out to fix a tile that has fallen off inside 24 hours, they are wrapped with it. There is clearly scope to do more of that. We are renovating toilets at 52 schools, installing 60 security fences, building 20 new school halls and gyms and upgrading the technology facilities at 8 schools under the \$2 billion Building Better Schools initiative. It is the biggest public education and training capital works program ever undertaken in New South Wales and will deliver significant improvements across the State.

**The Hon. CATHERINE CUSACK:** Premier, now that we have media releases that are informative rather than spin, will you agree to list all of those on your Premier's website and require your Ministers to list their media releases on their websites?

**Mr NATHAN REES:** Yes.

**The Hon. CATHERINE CUSACK:** And Ministers as well?

**Mr NATHAN REES:** Yes.

**The Hon. CATHERINE CUSACK:** During the stem cell debate you were very cross with Cardinal George Pell. I think in your remarks you gave him three options: to apologise, to run for Parliament or to be considered a serial boofhead. Since he has not apologised and is not running for Parliament, does that leave you in the situation of standing by those comments or do you think that now you are Premier you should retract those comments and apologise to George Pell?

**Mr NATHAN REES:** No, and I think you are verballing me, with respect. My recollection of what I said on the day, it was in the context—and I know that context never helps—the *Sydney Morning Herald*, from memory, that day had commentary from Adrian Piccoli. My recollection of what I said about Cardinal Pell was that he has those three options or he can risk further comparison with that serial boofhead. I said "or risk further comparison" in light of a lowly reference earlier in the day in the Herald. I never compared him. I said he risks further comparison.

**The Hon. CATHERINE CUSACK:** Now that you are Premier and given that he is the leader of the Catholic Church in Australia, are you willing to retract those comments?

**Mr NATHAN REES:** We are a robust democracy. Cardinal Pell has never shown any visible signs of being a shrinking violet, nor have I. It is a robust democracy, and there will be those exchanges. You know that, you are grinning at me. There will be these exchanges, whether it is Cardinal Pell or anyone else. It is a healthy part of our democracy. I have thought about it. You know, I was relatively new in the Parliament and I thought on a few occasions did I go over the top there. I do not think I did and I stand by the comments.

**The Hon. TREVOR KHAN:** Premier—

**Mr NATHAN REES:** We have not met. How are you going?

**The Hon. TREVOR KHAN:** Premier, we heard from you earlier that the Government has received the Twomey report, or the Twomey advice. When did you receive Professor Twomey's advice?

**Mr NATHAN REES:** I first had the opportunity to sit down and start to read it on Friday, I think it was, of last week, Thursday or Friday.

**The Hon. TREVOR KHAN:** I do not mean to be rude, but when did you receive it?

**Mr NATHAN REES:** I would have to get some advice on that. Do you mean when did the Government receive it from Mr Twomey?

**The Hon. TREVOR KHAN:** I will work in two parts. When did the Government receive it and when did you receive it?

**Mr NATHAN REES:** The advice to me is that the Government received the report around the end of August. As it was just put to me, then the world changed. It has been under active consideration by me since Friday. I understand that the Attorney has had a close look at it. He was on leave last week and I did not get the opportunity to have a yarn with him about it. It is under active consideration. I think I have given an indication earlier today—

**The Hon. TREVOR KHAN:** We heard that. Instead of it being under active consideration, will you give a commitment to release the advice from Professor Twomey within seven days? It is not that difficult.

**Mr NATHAN REES:** I have already given a commitment to release it, but I do not think it is unreasonable—

**Ms LEE RHIANNON:** When? You have had it since August.

**Mr NATHAN REES:** I started reading it on Friday. Can I say this, I challenge anyone to do a quick read of this document and get their head around it all. I challenge anyone. I am happy to release it; I have said that. I want a little bit more time to read it because I am going to be the one fielding the questions when you get up on the radio.

**CHAIR:** Can you give a rough estimate, such as seven days?

**Mr NATHAN REES:** No, I am not going to do that. Bear in mind Parliament goes back next week. I would like to do it in the next 10 days or so. That is the time frame we are talking about.

**The Hon. TREVOR KHAN:** Are we looking at seeing it released during the next fortnight, that is, whilst Parliament is sitting?

**Mr NATHAN REES:** The only hesitation I have is that there are a number of things on which I have been asked, "When will you do this, Premier?" and I have said that I will aim to do it in three days' time or five days' time. The reality is I have not had time to scratch myself. I am not releasing something as complex and as pivotal to the public debate around confidence in our democracy as that document until I have read it. I do not think that is unreasonable.

**The Hon. TREVOR KHAN:** Can we deal with another time frame?

**CHAIR:** You did say within 10 days?

**Mr NATHAN REES:** I said I would like to be able to aim for release inside 10 days. I would hope that when you get the document you will understand my caution. It is complex. There are constitutional issues.

**Ms LEE RHIANNON:** We know that. We have been working on it for years, Premier. We know how complex it is.

**Mr NATHAN REES:** It might even challenge some of your pre-conceptions, Lee.

**Ms LEE RHIANNON:** Exactly. We have had an open mind on it as well. It is disappointing that you run this line that you are a new Government, yet you have had it since August.

**Mr NATHAN REES:** The Government has had it since August, I concede that. I started reading it on Friday and it is a hard read. There are lots of big words.

**The Hon. TREVOR KHAN:** If we could deal with the Twomey report and the circumstances behind it. The reality is, is it not, that the issue of political donations is a matter of considerable importance to the public in New South Wales, and particularly political donations to the ALP.

**Mr NATHAN REES:** I do not think it is confined to the ALP, just quietly.

**The Hon. TREVOR KHAN:** Did you attend the farewell function for Mark Arbib that was held last year in, for instance, September of last year?

**Mr NATHAN REES:** I think I may have but I may not have. Seriously, I would have to check the diary.

**The Hon. PENNY SHARPE:** Point of order: There has been considerable latitude given to these questions, as there always is. We are supposed to be examining the estimates committees and the Consolidated Fund. What the Premier attended before he was the Premier is way beyond the scope of what this Committee is supposed to be meeting about and I would ask you to rule that the questioning be confined to the terms of reference of the Committee.

**CHAIR:** Yes. Keep it to the terms of reference or you can indicate what is the point of the question that relates to estimates.

**The Hon. TREVOR KHAN:** The point of the question is that we have had considerable questions that have been allowed without objection with regards to political donations—the Twomey report. The simple reality is that some \$240,623.27 has been received by the ALP out of one function, being the farewell for Mark Arbib. It is appropriate that the Premier has the opportunity in that regard of explaining why there is a delay in dealing with this issue in light of the enormous funds that are flowing into the coffers of the ALP.

**CHAIR:** Could you reframe the question?

**The Hon. TREVOR KHAN:** The simple reality is that amounts of \$240,000 are being received by the ALP from fundraisers, from corporate enterprises, and you are just sitting on your hands.

**The Hon. PENNY SHARPE:** Point of order: I raise the same point of order. The question is about the consolidated fund and what we need to deal with it. Now that Mr Khan has been able to get onto *Hansard* the question that he was going to ask I think it is appropriate that he goes back to what we are supposed to be examining, which are matters to do with the Consolidated Fund.

**The Hon. TREVOR KHAN:** Penny, you are just trying to protect the Premier.

**The Hon. PENNY SHARPE:** I am not trying to protect the Premier. We have allowed a quite wide-ranging discussion about issues that are important in relation to democracy and political donations. Your opportunity to have a free kick around something that is not to do with the terms of reference of the Committee is completely inappropriate.

**The Hon. CATHERINE CUSACK:** To the point of order: The Electoral Commission is part of the Premier's portfolio. The issue regarding election funding and donations is clearly within the terms of the estimates hearing for this portfolio.

**CHAIR:** The Committee is concerned about any delays to the electoral reform, and that is the issue that is being raised.

**Mr NATHAN REES:** What is the question? I am not trying to be difficult.

**The Hon. TREVOR KHAN:** I accept that. Premier, you are aware, are you not, that the Arbib function, for instance, raised \$240,000 for the ALP at a time when you have a report and you are sitting on your hands. Surely there is an urgency in doing something about these issues?

**Mr NATHAN REES:** I do not think my answer can offer much more in terms of value add to the answer I just gave you. I am not releasing a report until I have read it on a matter of such import with regards to public confidence in our system. I am not going to do it. I am entitled, because I am the one who will be fielding the calls at six o'clock in the morning and be talking to the fourth estate and be talking to all the usual suspects. I am the one who is going to have to answer the questions. I will get it out as quickly as I can and as quickly as I can absorb it. I have indicated I would like to get it out inside the next 10 days. But I would not mind having this yarn over a cup of tea once I have given it to each of you and demand an answer of you inside 24 hours.

**Ms LEE RHIANNON:** I am happy to. Will you commit to that now? I would love to. You have given us the offer; we are ready to do it.

**Mr NATHAN REES:** I am not trying to be flippant. It is hard work; it is complex.

**The Hon. CATHERINE CUSACK:** You would be sharing it with Labor head office before you share it with the public?

**Mr NATHAN REES:** No, I will not be sharing it with Labor head office before I share it with the public. We will put it up on a website if we have to. I want submissions on this.

**The Hon. CATHERINE CUSACK:** So no-one outside your office is going to see this report before you release it to the public?

**Mr NATHAN REES:** The Attorney's office has already seen it. I cannot vouch for who they may have sought advice from. I have not talked about it with anyone other than my own personal staff and the Department of Premier and Cabinet.

**The Hon. TREVOR KHAN:** Is there a Crown Solicitor's advice as well?

**Mr NATHAN REES:** The advice to me is that on this particular report there is not Crown Solicitor's advice, but on other matters that were canvassed previously that have been the subject of reform there may well have been. And I presume that other jurisdictions also have Crown Solicitor's, Solicitor General's advice on these matters as well.

**The Hon. TREVOR KHAN:** We were only interested in yours.

**Mr NATHAN REES:** No, it goes to the heart of the matter, because if they are all saying the same thing this would be straightforward, and I bet they are not.

**The Hon. TREVOR KHAN:** Are there any other advices that are available to you in addition to Professor Twomey's report on this subject?

**Mr NATHAN REES:** It depends how far we cast the net. If necessary we could do that, but Ms Twomey was selected on the basis that she is a constitutional expert and knows this stuff at least as well as anyone.

**The Hon. TREVOR KHAN:** In regard to putting your media releases up on the website, what time frame will you commit to to achieve that degree of transparency?

**Mr NATHAN REES:** I am happy to have a Premier's memorandum out by the end of the week on that. Today is Tuesday—I can do it by close of business tomorrow. Incidentally, we had already made that decision prior to today.

**The Hon. TREVOR KHAN:** If I could just take you to another issue relating to a comment that was earlier made by Ms Kruk about a "bit of a mystery" in dealing with communications staff or officers. Are you able to indicate or provide some form of job description for each of the communications officers that are left under your control?

**Mr NATHAN REES:** I do not see any reason not to.

**The Hon. TREVOR KHAN:** Will that be done within the 21 days?

**Mr NATHAN REES:** We will take it on notice and get it back to you in writing.

**The Hon. TREVOR KHAN:** Are you also able to indicate the names of each of those communications officers and staff?

**Mr NATHAN REES:** I am not sure that is standard practice. Next you will want the salaries and all the rest of it. I will take that on notice. We have got to be reasonable. If it is a reasonable ask then we will try to accommodate.

**The Hon. TREVOR KHAN:** Ms Kruk, if I could return to your description of a "bit of a mystery". Could I suggest to you that that is clearly an indication of concern about a division of, in a sense, responsibilities between what we could describe as the political staff and the public service staff, would that be correct?

**Ms KRUK:** You read more into my comment. My comment was literally just that, that the roles within a personal office—as they would also be, no doubt, in an office of the Leader of the Opposition—are matters for the chief of staff. So that is not something that has to be cleared through my office.

**The Hon. TREVOR KHAN:** But you would agree there is a difference between the roles performed between departmental staff and ministerial staff?

**Ms KRUK:** Clearly.

**The Hon. TREVOR KHAN:** And indeed I think it is the case that in July you wrote to the Opposition leader, Barry O'Farrell, indicating that staff needed to be directed, essentially, as to the difference between the departmental staff roles and the ministerial staff roles, is that right?

**Ms KRUK:** Yes. I think it was to Mr O'Farrell. What I did was literally send that to all members of Parliament because there had been some confusion in relation to where roles began and end. So it was a cautionary matter. I was not aware of any complaints against Mr O'Farrell, and you may be. If you wish to raise those with me please do so. It was literally one that was sent to all members.

**The Hon. TREVOR KHAN:** I think you can safely assume I will not. In regards to that, what further directions have you given to departmental staff with regards to the division of responsibilities with ministerial staff?

**Ms KRUK:** The same directions would apply. There are also arrangements that I affirmed with Ministers that were new to the Cabinet in the last few weeks. It was just an affirmation. It is something that I do clarify. It is also something that my office may actually receive inquiries on.

**The Hon. TREVOR KHAN:** With regards to the staff under your control, what directions have you given with regards to the division of responsibilities between ministerial staff and departmental staff?

**Ms KRUK:** Those are prescribed in our code of conduct.

**The Hon. TREVOR KHAN:** Have you given directions since July with regard to the distinction?

**Ms KRUK:** As I said, I issued a letter to members of Parliament to clarify that.

**The Hon. TREVOR KHAN:** I am asking about staff, not members of Parliament.

**Ms KRUK:** The issue has not arisen since. I have reaffirmed that with my own staff and in my regular meetings with the chief executive officers of agencies.

**The Hon. TREVOR KHAN:** When did Mr Keneally commence his secondment to the Premier's office?

**Ms KRUK:** I would have to take that question on notice.

**The Hon. TREVOR KHAN:** Do you have any idea of the month, for instance?

**Ms KRUK:** From memory, it was for approximately five months. I am happy to take that question on notice. It is purely a matter of recall.

**The Hon. TREVOR KHAN:** Who asked him about secondment? Who made the request?

**Ms KRUK:** The request came from the chief of staff. I agreed with it and I am comfortable with it. There was a discussion about what his roles would be. It was a very sensible move to facilitate a range of work on the State Plan that we had had underway for some time. There was a clear separation from his previous role to the role he was taking up in that office. There was no mystery in that regard.

**The Hon. TREVOR KHAN:** Was there a written job description for his duties when he was directly under your control?

**Ms KRUK:** He had a performance contract, so there was a clear statement of responsibilities.

**The Hon. TREVOR KHAN:** Subject to issues of confidentiality, can you provide the Committee with a copy of that?

**Ms KRUK:** I will take some advice on that. I have no problems with that personally. As you know, my performance contract tends to be aired quite often.

**The Hon. TREVOR KHAN:** Once he moved into the Premier's office, do you know whether there was a written job description?

**Ms KRUK:** I am not aware of that. The issue for me was that there was a clear understanding of where his role began and ended in relation to the DPC. As you know—

**The Hon. TREVOR KHAN:** Do not assume that I know much.

**Ms KRUK:** I will enlighten you. It is not unusual for a departmental officer to undertake a time limited secondment within a ministerial office. They are quite separate roles. It is often in the interests of the agency for that to occur, particularly if the officer has a specific expertise. The issue for me—and it was also a matter for his staff—was to have clarity about his role back with his own unit.

**The Hon. TREVOR KHAN:** However, it is unusual that during a period of secondment a newspaper article would be published in which that person is described as the deputy chief of staff to the Premier? Are you aware of the article by Lisa Carty?

**Ms KRUK:** I remember the article. I thought it was somewhat distressing that what is clearly a relationship that is known within the Government got such media notoriety. I find Ben Keneally an incredibly professional officer and will stand by him at any stage. If we are talking about the same article—

**The Hon. TREVOR KHAN:** I am sure we are. It was dated 17 August.

**Ms KRUK:** I notice that today his appointment was described as controversial.

**The Hon. TREVOR KHAN:** When did his secondment end?

**Ms KRUK:** I will take both of those matters in terms of when it commenced and finished on notice.

**The Hon. TREVOR KHAN:** Can you also tell the Committee, now or later, whether the secondment terminated at the time originally anticipated or whether it was terminated early?

**Ms KRUK:** I agreed to an extension of the initial secondment. When the new Premier was elected, I indicated to Mr Keneally that I saw that as being a termination of his time there.

*[Short adjournment]*



**Ms LEE RHIANNON:** Premier, Queensland, Northern Territory, Ireland, Canada and the United Kingdom all have an independent information commissioner. Your predecessors failed to overhaul the Freedom of Information Act for 19 years. Will you adapt an information commissioner and move to overhaul the laws without just relying on the Ombudsman? Your Government failed to do the review itself. Will you now move on it and do it?

**Mr NATHAN REES:** I have already said I want to reform the freedom of information laws. I think there is a public expectation for it but most importantly there is a policy imperative around it. Since the New South Wales Act was passed there has been an explosion in Internet usage and electronic communications and so on. I meet with the Ombudsman this week. That will not be the sole source of advice I take on the matter. I am particularly interested in Anna Bligh's response to the report that was done in Queensland. There will be changes to freedom of information legislation. I would like to be able to give you more details today but our thinking on it is not that advanced yet except to say there will be significant reform.

**Ms LEE RHIANNON:** Can you give us a time line? When is that going to happen? We had the promises before from Mr Carr and it just went off into the never never.

**Mr NATHAN REES:** Can I take that on notice? I do not know how comprehensive the process to date has been. I do not know when Mr Barber's report is going to be finalised. I need to get advice on the Queensland response. Can I take it on notice?

**Ms LEE RHIANNON:** Okay, thank you. This is about the cooling-off period for Ministers. A number of Ministers have resigned, as you are more aware of that I am. Will the Government commit to urgently introducing legislation that better regulates post-ministerial employment as recommended by the 2004 report of the Independent Commission Against Corruption into the conduct of Richard Face? That included a cooling-off period for former Ministers that excludes them from employment in sectors directly related to their former portfolio, and it introduces sanctions for breach of this cooling-off period. That occurs in the United States. Interestingly, in many of these areas of governance under George Bush they are ahead of New South Wales, which is embarrassing. When I asked Mr Della Bosca a question in Parliament, he said he had difficulty answering it but he said, "I am sure the Premier will have more to say about that in the near future." As this is the near future, would you provide details of what your plans are with regard to a cooling-off period and other recommendations?

**Mr NATHAN REES:** The cooling-off period itself is embodied in the ministerial code of conduct. The additional check and balance, if you like, that has been introduced is the Parliamentary Ethics Adviser for those individuals who might be seeking to take employment once they leave office.

**Ms LEE RHIANNON:** Are you saying there is already a cooling-off period where Ministers want to take a job in areas where they have worked for a certain period of time?

**Mr NATHAN REES:** That is my understanding. I will get some advice.

**Ms KRUK:** I am happy to come back to you about the restrictions under the ministerial code of conduct. I wrote to all the outgoing members to run through those conditions. It is probably better that I just provide you with that.

**Ms LEE RHIANNON:** But could you just clarify. The Premier just said that there is a cooling-off period. The cooling-off period we understand to be a time period in which you cannot take work in the area where you have been a Minister?

**Mr NATHAN REES:** I might be able to elucidate a little bit. This advice says that we amended the code in September 2006 to require former Ministers, within the first 12 months of leaving office, to obtain advice from the Parliamentary Ethics Adviser before accepting any employment or engagement.

**Ms LEE RHIANNON:** But you understand what that means? They do not have to talk to the ethics adviser and, if they do, they do not have to take the advice. It is quite embarrassing at the moment. You cannot call that a cooling-off period.

**Mr NATHAN REES:** I will have to get more advice on that. People are entitled to make a bob once they leave Parliament. The issue is making sure there is no real or perceived conflict of interest. If you have a

particular example you are concerned about, I am happy to look at it, but it is an area that requires careful consideration. I am not going to rush to a policy position or a government position on it today. I am happy to take your questions on notice.

**Ms LEE RHIANNON:** But you agree that your previous statement that there is a cooling-off period is incorrect?

**Mr NATHAN REES:** Yes, I guess. It is implied, but I accept your point.

**Ms LEE RHIANNON:** Mr Della Bosca made the same point in response to my question, about everybody having a right to earn a bob. Yes, they do, but the Independent Commission Against Corruption made the comment on this point that ex-Ministers have a healthy buffer provided by post-separation entitlements and therefore can afford a cooling-off period.

**Mr NATHAN REES:** That may apply to those in the old superannuation scheme. It certainly does not apply to some of us. I take these things seriously. I will look at the ICAC recommendation, the context in which it was made and, if there are improvements to be made for the sake of transparency, I am happy to look closely at them.

**Ms LEE RHIANNON:** What is your understanding of the phenomenon of peak oil and are you aware of the considerable measures the Queensland Government has taken to deal with this problem?

**Mr NATHAN REES:** I would have to get some advice on peak oil. I am not going to pretend I have more than a rudimentary knowledge of the issues that will arise out of any answer to that question.

**Ms LEE RHIANNON:** I am surprised. I realise you will be under incredible pressure to get across a lot of issues, but considering the chief executive officers of Shell and General Motors have acknowledged that oil reserves have peaked or are peaking and it is such a common part of the debate about what is happening in the international financial crisis. I hope we can come back to that in more detail?

**Mr NATHAN REES:** Sure. I am aware of the general issue.

**Ms LEE RHIANNON:** What is your understanding of peak oil, then, if you are aware of the general issue?

**Mr NATHAN REES:** The issue was more broadly how we deal with fossil fuels in an environment where we have the two most populous nations in the world, economic growth rates at 8 per cent and 12 per cent respectively at present, billions of people, and the ramifications of any gaining in oil prices more generally. I think there are serious ethical issues around oil use but also production of ethanol and things like that. There is a whole range of public debate to be had on those matters, but it is premature for me to suggest there is a government policy on it in toto.

**Ms LEE RHIANNON:** When you became Premier did you receive a briefing about the former Premier, Mr Iemma's, trip to China and the various agreements that were entered into with Chinese companies or exploring possible contracts, considering it was \$89,000, which is considerable money to spend on a short overseas trip that went for about nine days, as I recollect? Did you receive a briefing about the involvement of various Chinese companies, particularly in regard to future port development and future coalmining operations?

**Mr NATHAN REES:** I do not recall receiving either an in-face briefing or reading a written outline of the trip. I will be honest with you; that is not to say that I did not read something but I do not recall it. The former Premier made a number of overseas trips. That is not one of them. I am happy to take your question on notice.

**Ms LEE RHIANNON:** If you could take it on notice because it is a big issue. I know that \$89,000 in the scheme of things may not be a huge amount of money.

**Mr NATHAN REES:** It is all taxpayer money. It is all important.

**Ms LEE RHIANNON:** Particularly at the moment you may be aware of the Newcastle port controversy where the joke is that Mr Tripodi has done something that nobody has achieved before in uniting all the coal companies against him.

**CHAIR:** Could you phrase that as a question?

**Ms LEE RHIANNON:** Yes, because of China Shenhua, which looks like it could operate some coalmines in the area and Mr Tripodi is trying to allow room for them to come in. Considering these talks with really big Chinese corporations, have you had meetings with representatives of China Shenhua or with Hutchison Whampoa about any of their interests in New South Wales?

**Mr NATHAN REES:** The short answer to that is no. I was at the opening of the Sydney branch of the Industrial and Commercial Bank of China the other week and unless there was someone at the table who did not introduce themselves, no. I think that is the only Chinese function I have been to or meeting I have had with Chinese officials.

**Ms LEE RHIANNON:** Have you met Laurie Brereton recently?

**Mr NATHAN REES:** No. I tell a lie. He was at Peter Cox' funeral yesterday, sitting behind me, in a pew behind me. We did not exchange anything other than a glance.

**CHAIR:** That is the end of your time. Mr Premier, an area that comes under the Premier's Department is the Independent Commission Against Corruption. I am a member of the parliamentary committee that oversees the Independent Commission Against Corruption. That parliamentary committee has made number of the recommendations to the former Premier for action and the impression is that no action has been taken on those recommendations. Would you consider reviewing the recommendations?

**Mr NATHAN REES:** Certainly.

**CHAIR:** Perhaps Ms Kruk may have something in progress already. It may require legislation to adopt some of the recommendations.

**Mr NATHAN REES:** The director general will be across the detail of the previous recommendations. On the most recent inquiry relating to Wollongong, I have already said publicly that the Department of Premier and Cabinet will oversee the implementation of the recommendations that pertain to State Government operations and our purview of activity.

**Ms KRUK:** If I may take it on, because the former Premier asked me to meet with the ICAC Commissioner after he expressed some concerns, I think, before the parliamentary oversight committee, at his frustration about some of the recommendations not being implemented in as timely a manner as he would wish. I agreed with the commissioner at that time to a process that we would actually systematically look at all of his recommendations and also asked him to put forward, through us to the Premier, some proposals if he felt he needed some strengthening of his powers. We are involved in those discussions at the moment.

**CHAIR:** The parliamentary committee itself has made recommendations also.

**Ms KRUK:** Yes.

**CHAIR:** But it does not seem to have received any response.

**Ms KRUK:** I will follow that through as well. They are probably similar matters. The issues he raised with the parliamentary committee are probably the same issues that he raised in his discussions with me, so I will follow that through.

**CHAIR:** There seems to be some omission as to who is responsible for the oversight of the whistleblower legislation, the protected disclosures legislation.

**Mr NATHAN REES:** There is an inquiry underway at present.

**CHAIR:** Yes, I am involved in that inquiry. I moved a motion in the upper House.

**The Hon. TREVOR KHAN:** I moved it and you amended it.

**Mr NATHAN REES:** It falls under my patch, as I understand it.

**CHAIR:** The point is that the Committee on the Independent Commission Against Corruption is conducting an inquiry on the basis of that legislation. It happened again in 2006 but there does not seem to be any clear-cut procedure in place on whether it is the responsibility of that committee to oversight the legislation. Could that be looked into?

**Mr NATHAN REES:** Sure. If there is a recommendation to that effect in the body of the report, I am happy to look at it.

**CHAIR:** Amendments will be needed to that legislation. They may occur out of this inquiry, but I am referring more to the ongoing supervision of legislation where improvements, amendments and so on are needed.

**Mr NATHAN REES:** That is right.

**CHAIR:** It may be that the Committee on the Independent Commission Against Corruption will be given that job.

**Ms KRUK:** In effect, you are looking at whether the parliamentary oversight committee also covers the area of whistleblowers?

**CHAIR:** Yes, in response to that legislation. At the moment it is acting in that capacity but it is not clear whether it has that role and you may decide that it should be referred to another committee. The matter needs to be clarified.

**Mr NATHAN REES:** It makes sense to me that it remains with that committee.

**CHAIR:** Budget Paper No. 3, Volume 1, page 2-11 has the heading "Confidence that reported corruption matters are investigated". This is always of great concern to the public. The tables on that page seem to take for granted a decrease in the number of investigations completed within 12 months. For example, in 2006-07 there were 92 and in 2008-09 the forecast is 85. The public would hope there would be more investigations completed within 12 months rather than fewer.

**Ms KRUK:** This probably came up in the oversight committee as well, but from discussions with the ICAC commissioner, he indicated that it had to do with the complexity and depth of some of the investigations that he was undertaking. All members here would be aware of the detailed investigation he has been undertaking in State Rail. It was not an issue of concern that he had raised with me in terms of the timeliness or resourcing issues. He may have raised that with me, but it certainly did not come up in discussions between us.

**CHAIR:** I refer to Budget Paper No. 3 Volume 1 page 2-14, which refers to the Ombudsman's Office. Reference is made to the establishment of a new team on a trial basis to handle multi-agency matters that fall within two or more of the Ombudsman's business areas. Could you comment on the operation of that new team and how it will function?

**Mr NATHAN REES:** I cannot directly.

**CHAIR:** There may be someone from the Ombudsman's Office?

**Ms KRUK:** No, there is not. The former Premier agreed to the provision of additional resources for the Ombudsman following a request from Mr Barbour. Additional funding of \$320,000 was provided to the Ombudsman in 2007-08 to support an increased workload, and also because he was obviously looking at reviewable child deaths. That is obviously an issue that cuts across a number of agencies, so I think that probably goes into that remit. An additional \$3,011 in recurrent expenditure was also provided, plus \$34,000 in capital funding, to assist him in some of his responsibilities under the Surveillance Devices Act. So he has received additional resources to meet his request.

**CHAIR:** I refer to page 2-15, which deals with the Ombudsman's Office. I have some concern about the item "Recommendations made in child protection jurisdiction that have been implemented by agency". The figure for 2005-06 is \$100, the figure for the next year is \$80, and the forecast for 2008-09 is \$80. I am concerned that it seems that only a percentage of recommendations are being implemented by the agency on such an important issue.

**Ms KRUK:** If I could take that on notice, we will discuss the matter with the Ombudsman. You should never second-guess. I know that a number of matters he is looking at would be currently within the remit of Commissioner Jim Wood's inquiry. I will take the question on notice and go back to the Ombudsman to seek verification. I know the Ombudsman prides himself on having a very high "hit rate", as he calls it, in terms of getting his recommendations implemented across government.

**CHAIR:** I turn to a matter relating to the New South Wales Electoral Commission—and we are all very concerned about electoral reforms and so on. I refer to page 2-19 of Budget Paper No. 3 Volume 1, under the heading "To deliver unbiased public funding and open disclosure of campaign donations". There were four prosecutions in 2006-07 and in the 2007-08 budget there are nil and the forecast for 2008-09 is nil. Given the events in Wollongong and other places, if there were four prosecutions in 2006-07 I would have thought there would be a forecast of some quantity for 2008-09. I wonder why the forecast is nil. I assume this is advice by the Electoral Commissioner.

**Ms KRUK:** I need to take advice on that, if you do not mind. Certainly I remember some additional resources were provided to the Electoral Commissioner, responding to some changes in his responsibilities, but I need a bit more information.

**Mr NATHAN REES:** I think I also this morning signed off on a submission to give him more money.

**CHAIR:** During inquiries the Electoral Commissioner has indicated that it is very difficult for him to have successful prosecutions because he has no prosecution unit; indeed, he has no investigation unit. Does the change you are referring to include upgrading a unit within the Electoral Commissioner's Office?

**Mr NATHAN REES:** It would be his decision what he does with the additional funds. If my memory serves me correctly, this morning I signed off on a submission from the Electoral Commissioner to the Government for additional funds. But I will have to take on notice the detail of how they chose to spend the funds.

**Ms KRUK:** If I can give you a bit of information in a holding pattern. In 2008-09 the authority was granted capital funding of \$400,000, a one-off payment of \$624,000, and recurrent funding of \$1.3 million per annum to administer the new regime. But I will seek advice specifically in terms of how he has allocated that. All I can remember is when he got the additional moneys.

**CHAIR:** If you could check that there is some provision for that unit within the Electoral Commissioner's Office.

**The Hon. PENNY SHARPE:** Premier, what is the Government doing to invest in information technology within schools?

**Mr NATHAN REES:** I thank the honourable member for her question. In short, the Government is equipping New South Wales public school students with the information technology [IT] tools they will need to help them succeed in the digital age. We want our students to have the best learning resources to reach their full potential. The 2008-09 budget allocated \$772 million in recurrent funding over four years to provide this technology in our schools and TAFE colleges. Included in the budget is \$64.5 million to create "connected classrooms" across New South Wales public schools. This is part of a four-year, \$158 million program to connect classrooms around New South Wales by providing every public school with interactive whiteboards and video-conferencing facilities. Also, \$29 million has been included in the budget to give all students their own online workspace, and \$63 million has been provided to further increase bandwidth as well as the speed, security and reliability of network services.

The Connected Classrooms Program will put interactive whiteboard and video-conferencing facilities in every New South Wales public school, revolutionising the way students learn and how lessons are delivered. Schools are now able to provide more curriculum choice using this new technology. For example, schools that

did not have the class numbers for certain subjects can now connect to another school's class and tap into that subject. This is important; provides more opportunities and more subjects for students, particularly in some of the schools where numbers have declined.

Only a couple of weeks ago the Minister for Education and Training, Verity Firth, and I saw these new technologies in action when we spoke to students at Peel High School, in Tamworth, from the Education department building in Sydney. This year, using the video conferencing provided through the Connected Classrooms initiative, 23 schools in Western New South Wales will participate in the Premier's Spelling Bee Regional Final. This is a fantastic opportunity for these students to link with their peers around the State.

More than 330 connected classrooms have already been installed, with a further 270 to come on line by the end of 2008. From 2009 up to 800 connected classrooms will be installed each year until the program is completed. The Government has also been rolling out new computers to public schools as part of a four-year program to update technology in schools. And we continue to work with the Federal Government through the Computers in Schools Program, as part of Kevin Rudd's education revolution. In 2005, 39,000 computers were rolled out to schools, with 25,000 computers in 2006, and over 35,000 computers being delivered to schools in 2007 and 2008. In 2009 and 2010 a further 32,000 computers will be delivered to New South Wales government schools.

Our significant purchasing power means we can deliver more computers than we might otherwise—in fact, we will deliver 20,000 more computers over the four-year program. To reach the full potential of the new computers, interactive whiteboards and video-conferencing facilities, our students must have teachers with the technological know-how. One of the priority areas in the New South Wales Government's \$36 million teacher professional development program is the use of information and communication technology in teaching and learning.

The New South Wales public education system has one of the largest email systems in the world, with over 1.3 million email accounts and over 300,000 emails being sent by students in a normal school week. We continue to upgrade email access for teachers and support staff in schools as well. With such large email and computer usage, with 99 per cent of schools using the system and over 120,000 users logged in each school day, protecting students from inappropriate material is a challenge—a challenge the New South Wales Government is meeting. We have installed a "net nanny" filtering system to block access to inappropriate Internet sites and material. To further protect students, we have also installed intrusion detection, virus scanning and age-specific filtering for Internet content and email messages. New South Wales students are well placed to take advantage of the IT revolution with these investments.

**The Hon. IAN WEST:** Premier, would you provide us with an update on the latest information on crime rates in New South Wales?

**Mr NATHAN REES:** A record number of front-line police officers should be thanked for their tireless efforts to reduce crimes. We will continue to back up their efforts by making sure they have the resources and powers they need to do their job. The police budget for 2008-09 is another record: some \$2.4 billion for front-line police to drive down crime across New South Wales—that is a 4 per cent increase over the 2007-08 police budget, or \$90 million. In 2006 the Government announced that police strength would be increased with an additional 750 officers and that commitment was met in 2007. That brought the authorised strength of the New South Wales Force to a record number of 15,206 officers. In July of this year that authorised strength was increased by a further 30 officers, and took the strength to 15,236 officers.

The allocation of police numbers is an operational matter decided upon the Commissioner of Police and his executive, but I am informed that the Commissioner has allocated more than 34 per cent of police officers to rural and regional New South Wales. That means more than 5,100 police officers working in rural and regional New South Wales. Under Labor Governments rural police numbers have increased by more than 44 per cent. I am pleased to say that the impact is being felt right across this State. The latest data from the Bureau of Crime Statistics and Research [BOCSAR], the independent crime umpire, shows a downward or stable trend in most of the major offences—that is good news for everyone. The report released by BOCSAR last month found that for the 24 months to June there was a statewide decrease in break and enter of non-dwellings—that was down 7.4 per cent; a statewide decrease in motor vehicle theft—that was down 5.1 per cent; a statewide decrease in stealing from dwellings—that was down nearly 10 per cent; and a massive 17 per cent decrease across the State in instances of robbery with weapons other than firearms. I am pleased to be able to report that the trend in 11 other crime categories was stable for this reporting period.

This would also be a good opportunity to highlight some of the more localised achievements of our police. In the Canterbury-Bankstown area, officers from the Campsie and Bankstown Local Area Commands have helped reduce the rates of break and enter by 18 per cent, as well as a 22 per cent reduction in fraud offences. Police officers in outer Western Sydney have also presided over a 17.5 per cent drop in stealing from dwellings. On the northern beaches, local police officers have seen break and enters into dwellings down by nearly 20 per cent, stealing from persons down by nearly 30 per cent, and malicious damage down by 15 per cent. In the Hunter, non-domestic violence related assaults are down by almost 15 per cent. In the Illawarra, robbery with a weapon other than a firearm is down by 24 per cent. In the Richmond-Tweed, stealing from motor vehicles is down by 17.5 per cent. In the mid North Coast area, stealing from dwellings is down 20.4 per cent. In the Murray, non-domestic related assault is down by 19 per cent. Those figures are a credit to the police officers involved in all of those towns and we thank them for their efforts.

**The Hon. KAYEE GRIFFIN:** Premier, would you advise the Committee on what the New South Wales Government is doing to address the very important issue of climate change?

**Mr NATHAN REES:** This reads that the Garnaut report was crystal clear but I did not think it was crystal clear. I thought it was a very dense read—another one. The decision not to ratify the Kyoto Protocol by Australia and the United States was of historic importance in disrupting an international approach to addressing climate change as an issue. After years of inaction and denial we finally have a Federal Government committed to working with us on this issue. We know that the cost of action on this issue is one that we are all going to have to bear but we also know that the cost of inaction on this issue will directly affect the environment around us, our agricultural production, our tourism industry and the economy as a whole.

I have said publicly that my Government does not need any convincing on climate change and the arguments underpinning that reality. We acted early and a range of measures has already been implemented to tackle its effects. We welcome the approach that the Federal Government is taking and we will work closely with it to build a robust framework that manages an orderly and smooth but nonetheless profound transition to a carbon constrained future. A framework that cuts our greenhouse gas emissions in the most efficient and equitable way and a framework that ensures our exporters and other trade exposed emission intensive industries are not disadvantaged because other nations might lag behind us.

The New South Wales Government took the lead when it comes to reducing emissions. In 1997 we established the first mandatory emissions trading scheme in the world and we have been instrumental in advocating for a national emissions trading scheme ever since. We were the first Government in Australia to introduce greenhouse gas reduction targets, committing to a reduction in greenhouse emissions by 60 per cent by 2050 and returning to year 2000 levels by 2025.

Through the \$340 million Climate Change Fund we have been helping households, businesses and the wider community play their part in reducing emissions and saving water. The fund supports a range of water and energy saving initiatives, making it practical for people to achieve real savings in their homes and providing rebates for hot water systems and washing machines amongst other things. We have also been encouraging investment in renewable-energy supporting projects that will generate electricity or displace grid electricity use in New South Wales for stationary energy purposes. We have been busy delivering energy efficiency projects in schools, undertaking lighting retrofits, providing educational monitoring equipment, and up to \$18,000 per high school for students to select and fund their own energy efficiency projects.

The New South Wales Green Business program has provided funding for projects that reduce water and energy consumption in business operations in New South Wales. We were also able to introduce the Building Sustainability Index Scheme [BASIX]. Since July 2004, new single residential dwellings in New South Wales must achieve a 40 per cent reduction in water consumption, and a 25 per cent reduction in greenhouse gas emissions compared with the average home in New South Wales.

The Australian Government is now taking the leading role on emissions trading and State and Territory governments can now jointly address cutting emissions and preparing for unavoidable changes in our climate. The focus for the Government in this State in the immediate future will be the development of the Climate Action Plan, helping our communities and businesses become "climate ready". The Climate Action Plan is a major shift in our response to tackling the challenge of climate change. It will set out the priorities for New South Wales in the coming years with practical on-the-ground work involving communities, local councils, business and government agencies and others.

We will be expanding the role New South Wales will play in tackling the impacts of climate change that we know will come. We will not be slowing down our efforts to reduce emissions. The States will still have an important role to play, despite the national scheme, in promoting energy efficiency, supporting the development of clean technologies, and promoting greater transport choices—that is an area that is of interest to us all. We are also committed to improving energy efficiency in our cities, homes and workplaces.

The most cost-effective energy savings are not delivered by emissions trading schemes alone. One of the key roles the State can play in tackling climate change is in energy efficiency and even the State's largest energy users can cut back and save money at the same time. Under our Energy Savings Plan the State's 200 largest electricity users were required to conduct audits. As a group, they found that measures with short payback could save \$40 million per year on their bills, and around one million tonnes of greenhouse gas emissions. We will be ensuring that these measures will be implemented through our Energy Efficiency Strategy and we will continue to work with the Federal Government on the development of its emissions trading scheme.

**The Hon. KAYEE GRIFFIN:** Premier, would you also provide us with an update on what the Government is doing to assist New South Wales families who are in financial difficulties?

**Mr NATHAN REES:** I am happy to provide that information. More and more Australians are battling to make ends meet, often in difficult circumstances and sometimes with horrible consequences. My Government is committed to helping struggling individuals and families manage their finances and debts. When people find themselves in trouble the first step to regaining control of their lives is to get information and advice. The message is clear: ask for help as early as you can. People in debt crisis often feel ashamed and end up living in a state not only of anguish but also denial because they are too afraid or embarrassed to ask for help.

With this in mind, my Government is committed to improving access to financial counselling services across the State so that families can get the help they need. The Government recently announced an additional \$1 million for financial counselling services, increasing funding to a record \$3.8 million per year—that is a 90 per cent increase on previous funding allocations. That will increase the support for the program that provides information and advice to families struggling with the higher cost of living. Among other things, financial counsellors can help their clients organise financial information, design a personal budget, access information and negotiate with creditors when they are having trouble making payments on time. Counsellors also refer clients to other services such as gambling assistance, family support, personal counselling or community legal aid.

Many of these financial counselling services are provided by large highly reputable non-government organisations such as Lifeline and the Salvation Army. The funding we are providing helps these organisations extend their programs into the areas of education and early intervention to try to prevent people acquiring unmanageable debt and helping them to form a payment plan before things get out of hand. One of the challenges in the provision of financial counselling is providing training for counsellors, particularly in regional New South Wales. That is why we have provided funding totalling \$100,000 per year to the Financial Counsellors' Association of New South Wales for a statewide training program for financial counsellors.

The Government also recently announced funding of \$840,000 per annum to community organisations across the State to administer the No Interest Loans Scheme [NILS]. This is a community-based program developed by the Good Shepherd Youth and Family Service, which provides interest-free and fee-free loans of up to \$1,200 to help low income earners buy essential household items. People can apply for loans to buy essential medical and household goods and services, such as washing machines, refrigerators and dentures. As the cost of living increases, it is harder for families to save enough to cover these unexpected and often large expenses. To apply for a NILS loan people must be in receipt of a Centrelink health care or pension card or qualify for a pension or health care card and be able to show a capacity to repay the loan within 12 to 18 months. The local providers will assess the applicants' needs and come up with a repayment plan that suits them without adding stress to their budget.

More Australians are experiencing financial difficulty and personal debt has gone through the roof. Severe financial stress can be a cause of family breakdowns, mental illness and sometimes, in extreme circumstances, suicide. We are acutely sensitive to that. This program provides struggling families with access to money that will improve their lives. It also keeps the most desperate away from expensive forms of credit, which will just make their situation worse. Last year, applications for the New South Wales No Interest Loans totalled almost \$900,000, with a potential \$1.9 million in loans capital made available by the National Australia



Bank. Now, for the first time since the scheme was introduced in 1998, government funding is available to help NILS services meet the administrative costs associated with delivering the scheme, such as salary and operational costs. The funding, totalling \$840,000 a year, will enable the continuation and expansion of schemes across New South Wales. It will allow all the available loan capital to be utilised to support families, providing thousands more people with affordable help to acquire the basics and avoid having to turn to a high-cost lender.

To date, nearly \$610,000 per annum in funding has been allocated over two years to 25 community organisations across the State to administer the scheme. Additionally, almost \$94,000 has been allocated to the Winmalee Neighbourhood Centre to provide a No Interest Loans Scheme coordinator. This position will play a key role in ensuring the scheme is supported and will also be responsible for expanding the network across New South Wales with the remaining funds available. I thank the good people of Good Shepherd Youth and Family Service in Victoria, who play the vital role of developing and accrediting this scheme across Australia. In this current economic climate, more individuals and families are doing it tough. The No Interest Loans Scheme is an excellent scheme that is structured to suit the recipient's budget to make affordable repayments over time. We will support its future. In 2006-07 loans were made to 1,033 disadvantaged people and more than 98 per cent of these loans were repaid on time. I understand that recently there has been a significant increase in low income earners making applications for No Interest Loans.

These loans have a number of advantages for those who qualify including: they are interest free and fee free and have generous terms; they are much cheaper than borrowing money from other lenders, which can put people in a much worse financial situation; the providers work with people to find the repayment arrangement that works best for them; dealing with the service providers is free and confidential and they treat people with dignity and respect; and essential goods purchased through this loans scheme are brand new. The New South Wales government funding for programs such as the No Interest Loans Scheme and financial counselling provides a safety net for many people who would otherwise turn to credit cards or other high interest rate products, thereby perpetuating a debt cycle.

**The Hon. TREVOR KHAN:** Premier, earlier you made some comments about media releases being put on websites. Are you prepared to direct both Ministers and departments to ensure that not only future media releases go on the websites but also media releases issued since you became Premier?

**Mr NATHAN REES:** Yes.

**The Hon. TREVOR KHAN:** Ms Kruk, earlier we discussed a letter that was sent to the Leader of the Opposition, Barry O'Farrell, in June about ministerial staff and departmental staff. Do you remember that?

**Ms KRUK:** Yes.

**The Hon. TREVOR KHAN:** I suggest to you that that letter was in response to a letter that Barry O'Farrell had sent about the Paul Lister matter. You are nodding. Is that a yes?

**Ms KRUK:** Yes.

**The Hon. TREVOR KHAN:** There was a specific issue involving departmental staff, I suppose I should be careful and say so it is alleged, performing what is essentially political duties, is that right?

**Ms KRUK:** Yes.

**The Hon. TREVOR KHAN:** Has there been any response from the Independent Commission Against Corruption [ICAC] since that matter was referred to the commission?

**Ms KRUK:** I think it was publicly reported at the time that the officer who was the subject of that allegation admitted that there was a difficulty. He was subsequently counselled. For the purposes of closure, I advised the ICAC of the action that I had taken. I would have to check as to whether they responded back to me on it because the issue was closed for me at that point in time. I dealt with it as a disciplinary matter.

**The Hon. TREVOR KHAN:** I take it from that you are not expecting the ICAC to take any further action in relation to the matter?

**Ms KRUK:** I am checking my notes. My notes also say that I wrote to all the chiefs of staff to the regional Ministers. I think I indicated that to you before. No, I do not anticipate from the ICAC that there would be because my action was a complete action. It was also a matter of confirming what I had done in a proactive manner to ensure that if there was any role confusion or uncertainty that that issue was dealt with up front.

**The Hon. TREVOR KHAN:** From comments you made earlier, you relied on an article that appeared, I think it was, in the *Sydney Morning Herald* this morning with regard to, amongst others, Mr Keneally?

**Ms KRUK:** Yes.

**The Hon. TREVOR KHAN:** Am I right in saying your expression was that you felt some distress in regard to some of the matters raised in the article, is that the case?

**Ms KRUK:** My comment was that I think his appointment was described as controversial and I thought that was an unusual way of coining it.

**The Hon. TREVOR KHAN:** Did you not use the word "distressing"?

**Ms KRUK:** No, my comment was raised more as a general proposition that Mr Keneally is subject to a higher level of scrutiny because of his domestic situation. I think that is unfortunate in that regard. I made the point quite clearly that I believe Mr Keneally is a very professional officer and indicated and put on the record my support for Mr Keneally.

**The Hon. TREVOR KHAN:** Obviously notes are flying around. Premier, are you prepared, as the Prime Minister and former Prime Minister did, to post transcripts of press conferences on the website as well?

**Mr NATHAN REES:** Can I take that on notice?

**The Hon. TREVOR KHAN:** Sure.

**Mr NATHAN REES:** There are any number of people who tape every press conference. If they want to put them up, and that is over and above the other elements of media scrutiny, that is a call for them.

**The Hon. CATHERINE CUSACK:** I do not think they have the taxpayer-funded transcripts of press conferences. My colleague is asking if you would be willing to put those publicly funded transcripts on the website?

**Mr NATHAN REES:** They do not read very well. That would be a concern of mine.

**The Hon. CATHERINE CUSACK:** Is that a reason not to post them?

**Mr NATHAN REES:** In part, yes, it is. Often I am asked to comment on things on the run. I would much rather give the public, if they are accessing it, a succinct position rather than something I have had to take on notice, whether it be in a press conference or here. My preference at this stage is to not do it, but I am not ruling it out.

**The Hon. TREVOR KHAN:** Ms Kruk, can you tell us when Mr Jack Whelan was seconded to the Premier's office?

**Ms KRUK:** I take the timing on notice. It was quite recently, in the last few weeks. Again, it was an arrangement in terms of utilising his expertise in the transport area. From my recall, it is for a time limited period. I think it is two months, but I would stand corrected on that.

**The Hon. TREVOR KHAN:** Who requested that Mr Whelan be seconded?

**Ms KRUK:** I think the chief of staff. I am 90 per cent sure of that.

**Mr NATHAN REES:** Acting on my behalf.

**The Hon. TREVOR KHAN:** To whom was the request made?

**Ms KRUK:** The request was made to me. I subsequently spoke with the CEO of the Roads and Traffic Authority. He agreed, the issue obviously being that it was for a time limited period, and that was agreed to.

**The Hon. TREVOR KHAN:** What is the time limited period?

**Ms KRUK:** Again I am not being cute.

**The Hon. TREVOR KHAN:** I am not suggesting you are.

**Ms KRUK:** That is cruel. From memory, it was a two or three months period. The issue was to have specificity in terms of time. That was obviously both for the RTA's purposes but also for the officer involved.

**The Hon. TREVOR KHAN:** Is there a job description that has been prepared for his duties whilst he is in the Premier's office?

**Mr NATHAN REES:** There is certainly a series of tasks that I have asked him to work up and policy proposals that I have asked him to look at very closely—largely relating to transport.

**The Hon. TREVOR KHAN:** Is that request or description of tasks in writing?

**Mr NATHAN REES:** I did not put it to him in writing, no. I sat down with him. It is no secret that public transport and congestion are key areas of activity for this Government and Mr Whelan has a long history of policy development expertise in those areas. But he has come on from the RTA for a period of around two months to get some specific proposals looked at and worked up if they are feasible.

**The Hon. TREVOR KHAN:** How long has he been with the RTA?

**Mr NATHAN REES:** I would have to take that on notice. I do not know.

**The Hon. TREVOR KHAN:** It is the case, is it not, that his current role with the RTA is as Director, Business Coordination, Road Safety and Policy?

**Mr NATHAN REES:** I take you on trust; if that is the title he has got.

**The Hon. TREVOR KHAN:** Let us assume that we have got access to such documents as the RTA's annual report for 2007, which describes his role. Could I suggest to you that if you look at it, under the heading of "Road Safety" it has, "As the RTA director responsible for the delivery of New South Wales State Plan Priority S7—safer roads—Mr Whelan oversaw and managed the RTA's development of the S7 priority development plan and road safety performance data"—all about, essentially, cars and trucks and what they do on roads. Then we go on to the heading "Public Communications", which seems to go on for almost a full column. It says, "Lead and manage public education campaigns"; such things as "Oversaw the implementation of a comprehensive communication program". All of those, I suggest to you, are all communications jobs.

**Ms KRUK:** If I may assist. Mr Whelan had worked quite closely with my agency in preparing for the mobility summit, which had been previously announced by the former Premier. His work in the RTA—and you have obviously got the annual report—covered a range of areas. Our specific interest was to work with him on a whole range of congestion-related initiatives, as his responsibilities are in relation to the State Plan. He had and was involved, I think, in the corporate plan of the agency, putting forward a whole range of the planning documents and I think it was quite well known that he was one of the ones that was involved in the very successful pinkie program as well. That would fit within the banner of a very successful community education program.

**The Hon. TREVOR KHAN:** Could I suggest to you if you look at the RTA job description what he is is a senior communications officer?

**Mr NATHAN REES:** In the role he has come from that may have been his chief role. His role in my office is around policy development.

**The Hon. CATHERINE CUSACK:** He is a spin doctor.

**Mr NATHAN REES:** That is absurd. John has been working in and around government for an extended period. It is no secret that I think coordination of transport policy has been a joke. John knows transport policy backwards. He is someone who is respected across ministerial offices; he is someone who is respected by Ministers, and he is, very importantly, someone who is respected by the heads of agencies. If I want the people of New South Wales to get a coordinated transport policy and deliverables against a coordinated transport policy he is exactly the person I need to start working up those policies and to be doing interactions in an area that has been characterised by dysfunction. He is the man.

**Ms LEE RHIANNON:** Premier, you spoke, in answer to a question from Government members, about the difficulties many people are facing in New South Wales and I wanted to return to this, considering an increasing number of people in New South Wales are going to be hit increasingly by rises in the cost of living. Three questions: Are you working with the Federal Government to align income support payments and price concessions? Do you have plans to broaden concessions on energy, water, local councils, public transport, et cetera, to include the working poor? Will you move at COAG to review concessions so the increasing number of disadvantaged people and working poor can access these benefits?

**Mr NATHAN REES:** With regard to the first and third parts of your question, we are putting together the New South Wales submission to the Don Henry tax review and those sorts of issues will be dealt with there. With regards concessions, I can get you some detail but we do have concession schemes for both water and energy, as I understand it, and some of those have only recently been increased—with regards water, which was my portfolio. If you would like more detail I will have to take it on notice.

**Ms LEE RHIANNON:** The particular aspect of the question that I want to explore is are those concessions being broadened so you will pick up the working poor, not just—

**Mr NATHAN REES:** Not just increase to the existing eligibility.

**Ms LEE RHIANNON:** Yes. So it increases to a large number of people. That is one part.

**Mr NATHAN REES:** The other part of the question, which is arguably a fairer way to do it, is to reduce the number but increase the amount.

**Ms LEE RHIANNON:** Yes.

**Mr NATHAN REES:** Can I take it on notice? I will have to come back to you with the detail of those schemes.

**Ms LEE RHIANNON:** We just feel it is going to become more and more critical in working that out. Is it true that eight out of the 10 projects submitted by your Government to Infrastructure Australia are motorways?

**Mr NATHAN REES:** Off the top of my head I do not know that. It is a pretty short document, the most recent iteration. But what I do know is that at COAG the other week I indicated to the Prime Minister that I had skimmed the Garnaut report the evening before and that I believed that investment in public transport was a critical priority; that property investment in public transport could contribute up to 25 per cent of the reduction we need in emissions over the long term. I do not need convincing of the value of public transport in easing congestion and contributing to emissions reductions.

**Ms LEE RHIANNON:** That is really good to hear but I did understand that eight out of the 10 projects were motorways not public transport projects, which would enormously undermine what you have just said.

**Mr NATHAN REES:** The submission is on the net, as I understand it.

**Ms KRUK:** If I may assist. Our administration is still involved in discussions with Infrastructure Australia and I think the Office of the Coordinator General has some meetings planned this week. Certainly it has been made quite clear to us that they anticipate a range of submissions. That was our first bid and obviously there are still discussions underway.

**Ms LEE RHIANNON:** So is what you are saying that you could well revise the submission that covers the projects they are putting into Infrastructure Australia in light of other submissions coming from New South Wales and/or what the Federal Government states?

**Mr NATHAN REES:** I am not trying to be glib: I understand what you are saying and I share at least some of your concerns, but a road of itself is not problematic unless it is filled with cars all the time, to go to the emissions issue. I have indicated that front and centre for my Government over the next 2½ years and beyond will be public transport initiatives and I have made it clear that, for example, my roads Minister is junior to my transport Minister. We have got to balance three things here as we put together a comprehensive and integrated transport policy. We need to make sure that investment is directed at economic growth and jobs—these are not in order of priority—economic growth and job growth; secondly, putting people in workplaces closer to their home—and that goes to the centres policy type issues before; closer to home means less time on the road and less emissions; and, thirdly, a reduction of emissions. Those three principals will guide the development of the policy. There is always going to be healthy debate around the relative importance of each of those, but that is, in the main, where we are seeking to head.

**Ms LEE RHIANNON:** You said roads are not problematic of themselves. Earlier on you said you are still getting your head around the peak oil phenomenon—and again, we respect that—but building motorways and tunnels is an incredibly oil intensive project. It is not just about what ends up on the road; it is the fact that building those roads is taking out of dwindling stocks of oil, and then there is the whole issue of the rising petrol prices, diesel prices, and that is why many of these specific motorway upgrades are increasing three and fourfold in terms of the final cost of them.

**Mr NATHAN REES:** If your question is about escalation in capital works projects, I share your concern. I am deeply concerned about that.

**Ms LEE RHIANNON:** But you are locking yourself into projects—

**Mr NATHAN REES:** No. We have indicated to the Federal Government that we have a mini-budget process underway and that a final submission will be made subsequent to that mini-budget being handed down. I share some of your concerns about road expansions. However, with regard to the Pacific Highway, which you instanced, there is a balance with safer roads—

**Ms LEE RHIANNON:** To do them more cheaply.

**Mr NATHAN REES:** If you have ideas about how to do it more cheaply, I am all ears.

**CHAIR:** I refer to page 2-29 and the section dealing with the Community Relations Commission of New South Wales. The commission's main aim is to achieve more harmonious communities. Has any policy been formulated with regard to signs in suburbs in the language of an ethnic group but not in English? Have any moves be made to assist harmony by requiring that an English version of the sign be included?

**Mr NATHAN REES:** It has certainly not been initiated by me. I am not aware of any work that may be going on with regard to that issue. I will have to take that question on notice.

**CHAIR:** Do you agree that that would be a helpful development?

**Mr NATHAN REES:** I would have to get some advice. Like most of us of Anglo extraction, sometimes that stuff jumps out at me and I wonder why it is like that. I presume that the traffic committees in those local government areas have good reasons for doing that. I cannot sit here in Macquarie Street and pretend to know why the local environment was deemed suitable for that. I will have to get some advice on that.

**CHAIR:** I am not critical of the signs being in the ethnic language, but we should have the English translation as well. Such signs are evident on shops, shopping centres and other businesses.

**Mr NATHAN REES:** Do you mean beyond road signs?

**CHAIR:** Yes.

**Mr NATHAN REES:** I will get some advice. At the end of the day, there is argument that could be put to me. For example, if we were to seek, to require small businesses to have the translations, they would have strong views about that being an impost and so on. There is a balance to be struck. I will get some advice on whether we get many representations about that.

**CHAIR:** Leaving aside the cost factor, do you believe that in principle it would be desirable?

**Mr NATHAN REES:** In principle all of us would like to know what sort of shop we are going into.

**The Hon. TREVOR KHAN:** This is a new excuse.

**Mr NATHAN REES:** I could elaborate, but I will not. I am sympathetic, but I am not certain how much of an issue it is. I was in Cabramatta on the weekend, as you might expect during a campaign. Probably 99 per cent of the people in the main street were of Vietnamese background. They would not clamour for an English version of signs. The 1 per cent who were not apparently of Vietnamese descent had come to Cabramatta from elsewhere to do some shopping, and they were having a ball. I am happy to look at the issue.

**CHAIR:** On page 2-43, under the Premier's Department is a heading "Cash flows from operating activities—Grants and subsidies", which has increased from \$6.4 million in the 2007-08 budget to \$43 million in the 2008-09 budget. Is there a list of those grants and subsidies, or can you take that question on notice?

**Ms KRUK:** I am happy to provide more detail. The bulk of the increase is associated with the increased funding for Events NSW, which, from memory, is about \$22 million. It also represents almost \$3 million coming across from Health for grants and projects related to domestic violence. We are a post box for a number of activities. I will provide those details. That is the reason for the significant increase. I wish I could tell you that I am cash rich, but I am channelling the money through.

**CHAIR:** Are you saying that this may be a collation of a number of grants systems already operating; it is not new money?

**Ms KRUK:** It is the way that Treasury has grouped it. The bulk of it is the \$22 million for Events NSW. There is a range of other smaller grants. There was also an additional \$9 million for Aboriginal Trust Fund repayments. That may be in there as well. I will provide details about the components of that increase.

**CHAIR:** What is the history of Events NSW? Has it just received this allocation of \$22 million?

**Ms KRUK:** Events NSW was announced by the former Premier as the body that would increase the competitiveness of New South Wales to garner events. From recall, it was given a budget of approximately \$85 million over three years from 2007-08 to 2009-10. This constitutes one of those payments.

**CHAIR:** We have raised this issue before, but is there any system for the allocation of those grants still being approved by the Premier?

**Ms KRUK:** The Premier has taken that on notice in terms of clarifying the events calendar. He has expressed concern about those processes. We will get back to you on that basis.

**CHAIR:** He may finish up with some signing-off role. It is a very large amount of money for someone to think they can spend as they like.

**Ms KRUK:** I think he has made that point.

**CHAIR:** I am looking forward to your hand on the steering wheel.

**The Hon. PENNY SHARPE:** Premier, can you inform the Committee about support arrangements for former Premier Iemma in his role as a recently retired Premier?

**Mr NATHAN REES:** I can. This has been the subject of a couple of discussions I have had with the former Premier. I have conferred with him regarding support for him in his official capacity as a recently retired Premier of New South Wales. In that capacity, the former Premier has a great many calls upon his time and requests for him to undertake engagements, for example, on behalf of a range of charitable groups and other

good causes. I made the point at the weekend that whether it be Morris Iemma, Bob Carr, Nick Greiner or whoever else—

**The Hon. CATHERINE CUSACK:** Or Nathan Rees.

**Mr NATHAN REES:** No doubt we will come to that down the track. I have personal views on that. The reality is that these jobs provide an unprecedented opportunity over time to open doors given the networks that one establishes. Many former Premiers are heavily involved in charity work and work with non-government organisations and so on. They use the title of "the Honourable" to further what any reasonable person would consider to be noble causes.

I have indicated on a number of occasions publicly that I would seek to come to an arrangement that was fair and reasonable for the former Premier and also for the taxpayers. I believe that that is what we have done. I stress that, contrary to some press reports, that the former Premier did not lobby me on these issues. Those who know him know that that would be completely out of character.

With those benefits to noble causes in mind and the arrangements with other former Premiers—not only in New South Wales but also in other States—I have recently offered the Premier of use of a car for 15 months following his resignation. Thereafter, a car may be made available on a case-by-case basis to assist him to undertake duties and functions associated with his position as a former Premier. That would apply to invitations to "the Honourable". I have also offered him the use of an office and secretarial support in the form a staffer for up to 12 months. He has accepted those arrangements. Those benefits are very substantially less than those enjoyed by other former Premiers from both sides of politics in this State.

**The Hon. KAYEE GRIFFIN:** Premier, will you inform the Committee about new developments to prevent violence against women in New South Wales?

**Mr NATHAN REES:** My Government takes very seriously the need to tackle all forms of violence against women and bring perpetrators to justice. I am pleased to inform the Committee today about the establishment of the Premier's Council on the Prevention of Violence against Women. I am also pleased to inform the Committee that the Minister for Women will chair the Premier's council, which will report directly to the Premier on issues that affect Government policies and programs that seek to prevent and respond to violence against women. This is an important initiative by my Government, and the eminence of the members of the council reflects the importance of the task ahead. The council has 11 members drawn from a broad cross-section of women in New South Wales. Members bring sectoral and academic experience, policy skills, personal commitment and individual expertise and provide the council with the depth of knowledge and experience needed to advise me on issues of violence against women.

I can inform you today that the deputy chair of the council will be Dr Lesley Laing. Those with experience in issues of violence against women will know that Dr Laing is an eminent academic and advocate. She has extensive knowledge of research developments in violence against women and has published extensively on domestic and other violence issues. Dr Laing is well known and respected across the sector and I am delighted that she will be the deputy chair of the council. Dr Laing and I will be well served by the 10 other members of the council, who include women from regional and rural New South Wales, Aboriginal women and women from culturally diverse backgrounds.

In addition to Dr Laing, the outstanding women who will be on the council are Betty Green, convenor of the Domestic Violence Committee Coalition; Karen Willis, coordinator of the New South Wales Rape Crisis Centre; Libby Carney, a domestic and family violence worker and advocate from Broken Hill; Dr Eman Sharobeen, manager of the Immigrant Women's Health Centre; Tamahara Manson, a sexual assault counsellor at Richmond Sexual Assault Service; Charmaine Weldon, an Aboriginal outreach worker at Dolores Single Women's Refuge and board member of Wirringa Baiya Aboriginal Women's Legal Centre; Louise Blazejowska, the manager of community partnerships at Legal Aid New South Wales; Catherine Gander, executive officer of the New South Wales Women's Refuge Movement; and Denele Crozier, executive Officer of Women's Health New South Wales.

This is an expert council that represents and supports the diverse range of women across this State who experience violence, who work to eliminate violence and who provide the broad suite of services to women who are experiencing, or have experienced, violence or are at risk of violence. It will meet for the first time this week with the Minister for Women and me, and its initial focus will be on domestic and family violence. As part of

the Government's commitment to an improved approach to domestic and family violence, a statewide framework is being developed to improve coordination across government services to ensure women experiencing violence receive the best possible service response. The council's first task will be to provide expert advice on the development of this framework.

This council is a clear example of the Government's commitment to reduce violence against women in New South Wales. We will receive expert advice on ways forward in this complex area. I look forward to working with these talented women to address violence against women across the State. The council is just part of a raft of recent initiatives the Government has undertaken to tackle the terrible damage domestic and family violence wreaks on women and their children and the emotional, social and financial costs on families and communities. As members would be aware, our Government has recently implemented a new approach across government to better coordinate services and make sure that women and children get the assistance they need. A centralised Violence Prevention Coordination Unit, located in the Office for Women's Policy of the Department of Premier and Cabinet has now been established and is coordinating the Government's new approach. The coordination of those services is one important component of any domestic and family violence strategy.

It is equally important that the non-government sector, who deliver many of those face-to-face services, are able to work in partnership and in tandem with the Government's new direction. That is why we have implemented a new domestic and family violence grants program, administered by the Violence Prevention Coordination Unit, that provides nearly \$3 million in new funding each year to non-government organisations across New South Wales. This is significant new funding targeted to the organisations that deliver front-line domestic and family violence services—women's shelters, health services, accommodation services, court assistance and legal advice. It will not be a surprise to many of you, and those of you who have women's shelters in and around your electorates will know that one of the key issues is getting rental accommodation when you depart from a shelter so that the anonymity and geographic distance is maintained. These are the sorts of tasks where that new funding is directed.

It is crucial that these services assist women to seek justice in the court system, sort out their accommodation for themselves and their children when they have had to flee their homes, and repair the physical and psychological damage that violence has caused them. It is services such as these who are receiving funding under this new program. The sum of \$900,000 of these funds has been quarantined for Aboriginal-specific programs. That is vitally important. Aboriginal women have significantly higher rates of victimisation for domestic and family violence incidents than the mainstream population. Aboriginal women have told government repeatedly that a one-size-fits-all model does not meet their needs. Our grants program recognises that Aboriginal women and children experiencing domestic and family violence have the right to access services that understand and respond to their particular cultural needs.

Under the 2007-08 funding round, 17 mainstream projects and seven Aboriginal projects have now been funded. The projects were from urban, rural and regional New South Wales. They have been funded for up to three years and each provides a critical service to women in an area of demonstrated need. To give some examples, nearly \$25,000 has been provided to the Penrith Women's Health Centre for the Looking After Me project resource kit, which focuses on safe and healthy relationships for women with intellectual disability in the Penrith local government area. Nearly \$35,000 has been provided to the Older Womens Network for a feasibility study to determine what training and community education is available to service providers and the community, to enable them to recognise violence against older women, including those from rural and remote areas, culturally and linguistically diverse backgrounds and Aboriginal women.

The Young Women's Christian Association has been granted nearly \$100,000 for it to deliver Y-ise Up About Relationships, an abuse prevention education program for high school girls and boys in the Shoalhaven, Northern Rivers and greater metropolitan Sydney regions. This program will be delivered to up to 9,000 young people from high schools and other youth groups across the three years of the project. The Mudgin Gal Aboriginal Women's Resource Centre in Redfern has received \$125,000 to expand the Blackout Violence campaign, an anti-violence campaign that is presented at significant Aboriginal events across New South Wales.

The Waminda South Coast Women's Health and Welfare Aboriginal Corporation is receiving \$360,000 for a project to support women, children and extended family members who are experiencing the effects of domestic and family violence. This project will offer a range of services including out-of-hours care, safe housing, access to legal and counselling services, access to transport, the development of an Aboriginal support group and culturally relevant education and training on domestic and family violence. I am sure that everyone recognises that these are important projects that deserve Government support.



There is a further important component of the program that works directly with grass roots organisations to prevent domestic and family violence. The Government is also providing new funding of up to \$1,000 to support local domestic and family violence committees for the important work they do during the 16 Days of Activism to Stop Violence Against Women campaign which is held every year from 25 November to 10 December. There are more than 90 local committees across New South Wales, some of which have been operating for more than a decade. Many members will be aware of the fantastic job these committees do in raising awareness about the impact of domestic and family violence in our communities. They are voluntary committees with members drawn from local community organisations, service providers, advocates and community members. Their commitment to stop violence against women by raising awareness is exceptional and they deserve to receive our support.

Applications for local domestic and family violence committee grants are currently open and the larger grants program for 2008-09 will be announced shortly. I urge all members to get out amongst their communities and let their constituencies know of the small and large grants program so people can apply. The program represents a real commitment by this Government to support the people and the services that support women who have been victims of domestic or family violence. It is an important program, putting money into front-line services, rewarding best practice, recognising innovation, recognising community connection. That is what the experts have told us is needed and that is what we will continue to do.

**CHAIR:** We have agreed to allow 10 minutes extension on your Premier's segment, and I understand Ms Kruk has agreed to stay for that 10 minutes.

**Ms KRUK:** I am happy to do so.

*[Short adjournment]*

**The Hon. CATHERINE CUSACK:** Thank you for facilitating use of this time to continue our questions of the Premier. Premier, in relation to Bernie Fraser and Ian Macfarlane, can you tell us how much those two gentlemen are being paid?

**Mr NATHAN REES:** Robyn has the detail on that.

**Ms KRUK:** I think all members would agree that they are the best in breed in terms of their area of expertise. The fee that has been negotiated with them is actually at the lower end in terms of what individuals like this could actually expect to seek. I think it was \$3,500 per day, considerably less than a barrister.

**The Hon. CATHERINE CUSACK:** Can you just expand on that—for both or for each?

**Ms KRUK:** Each, and that is on a daily basis, depending on the sort of hours we obviously use. I need not tell you what financial advisers could obviously attract in this market.

**The Hon. CATHERINE CUSACK:** Is that a quantified day or is that a 24-hour day?

**Ms KRUK:** It is a quantified day. I think the Premier in Parliament announced what their brief would be. They report directly to Cabinet and it would depend on the hours that they are actually required.

**The Hon. CATHERINE CUSACK:** How many hours in a day in terms of Mr Macfarlane and Mr Fraser?

**Ms KRUK:** It depends on whom it is a standard day for. It works out on a pro rata basis.

**Mr NATHAN REES:** I just make the point that these are easy yards for you to make on this stuff.

**The Hon. CATHERINE CUSACK:** They are predictable questions for estimates?

**Mr NATHAN REES:** Sure, I accept that, but being prudent in the current international environment and getting access to the best available advice is something that is the responsible thing to do and we will get you the detail on the actual figures. But these fellows are not going to have risen to be head of the Reserve Bank if you did not get a day out of them every day.

**The Hon. CATHERINE CUSACK:** So we are working on the basis of an eight-hour day.

**Ms KRUK:** No, what I indicated is that I would clarify in terms of what their day is. It is a standard arrangement.

**The Hon. CATHERINE CUSACK:** And are they billing on an hourly basis?

**Ms KRUK:** I will give you those details; I will get back to you on those details.

**CHAIR:** You will take that on notice.

**Ms KRUK:** It is a \$3,500 rate on a daily basis.

**The Hon. CATHERINE CUSACK:** Who is their contract with?

**Ms KRUK:** With myself.

**The Hon. CATHERINE CUSACK:** Did you negotiate the contract with them?

**Ms KRUK:** I did.

**The Hon. CATHERINE CUSACK:** But you just cannot recall?

**Ms KRUK:** I cannot recall. Again, I am not being cute. I remember it in terms of the fee and basically as I said, I did a market testing. This was at the lower end that they could realistically expect in terms of fees and can I say they did not demur in that regard.

**The Hon. CATHERINE CUSACK:** What is the term of their contract?

**Mr NATHAN REES:** Subsequent events have proved us right on this, I asked them to come on board to provide advice in the run-up to the mini-budget on international volatilities and any implications, but also beyond that point if they believed that it was warranted, and that remains the case as far as I recall.

**The Hon. CATHERINE CUSACK:** I thought you invited them to get on board to give you advice because you could not work out why the State budget was out of control?

**Mr NATHAN REES:** No.

**Ms KRUK:** No.

**The Hon. CATHERINE CUSACK:** And that your announcement about the appointment preceded much of what has occurred in the last week?

**Mr NATHAN REES:** No, not at all. It preceded what has occurred in the last week but it was in response to the international financial markets crashing and from memory Lehman Brothers was what prompted me to believe that this was an international event of sufficient significance and seriousness to get some advice from people who were other than State Treasury-based.

**The Hon. CATHERINE CUSACK:** Is it possible to release a copy of the contract?

**Mr NATHAN REES:** Could I take that on notice? It is an issue for them as well, so I need to consult appropriately.

**The Hon. CATHERINE CUSACK:** In terms of their function, they are reporting separately to Cabinet to the Treasurer, is that the case?

**Mr NATHAN REES:** They are reporting to both, and government more generally.

**The Hon. CATHERINE CUSACK:** What are they actually doing? Can you tell us their terms of reference? Are they producing a report, for example?

**Mr NATHAN REES:** They will provide ongoing advice. It will not just be verbal. There will be advice to Treasury, there will be advice to the Cabinet and there will be advice to the Treasurer, first as we put together the mini-budget and, second, on what their considered expert opinion is with regards the international volatilities that governments everywhere are trying to stabilise.

**The Hon. CATHERINE CUSACK:** I still do not understand what they are producing.

**Mr NATHAN REES:** They are giving us serious advice on how to best withstand these international volatilities.

**The Hon. CATHERINE CUSACK:** So they are sitting in the Cabinet room, telling people—

**Mr NATHAN REES:** They are going to brief the Cabinet, yes, that is right.

**The Hon. CATHERINE CUSACK:** What are you paying them to do? Are you paying them to give that advice, or are you paying them to sit in on meetings?

**Mr NATHAN REES:** All of the above.

**The Hon. CATHERINE CUSACK:** Which meetings? Whose meetings?

**Mr NATHAN REES:** I would have to check on the detail of the meetings that Treasury is involving them in. But I have already flagged that they will be briefing the Cabinet.

**The Hon. CATHERINE CUSACK:** Is there an estimate of the hours that will be involved in this consultancy?

**Mr NATHAN REES:** No, not at this stage. I deliberately left it a little open-ended. Neither I nor, I hazard a guess, anyone in this room would be able to take an informed stab at how long this crisis is going to continue. They have been installed in order to protect the people of New South Wales and our financial position, and they will stay there as long as they need to on that basis.

**The Hon. CATHERINE CUSACK:** When you say "protect" the people of New South Wales, what do you mean?

**Mr NATHAN REES:** There is a New South Wales budget—

**The Hon. CATHERINE CUSACK:** We know that the budget is out of control. I am not quite clear on what "protecting" people means.

**Mr NATHAN REES:** It is a prudent measure to get experts in international financial markets on board whilst we put together a mini-budget, and that whilst ever any of those international volatilities remain, and while we assess the stabilising effect or otherwise of the actions that different central banks and different governments around the world have taken. That is a prudent thing to do, in my view. I think the ongoing activities of central banks and governments, and the ongoing volatilities we are seeing, subsequent to when we made the appointments, totally vindicate the appointments.

**The Hon. CATHERINE CUSACK:** The purpose of the mini-budget is to rein in Government expenditure, as I understand it?

**Mr NATHAN REES:** No. With respect, I think that grossly oversimplifies it. I wish it were that simple.

**The Hon. CATHERINE CUSACK:** I do not know what it has to do with international money markets. I thought our standing was out of control and that you have organised a mini-budget that is going to tighten our belts, I think was the term used.

**Mr NATHAN REES:** That is part of it. I wish it were as simple as tightening our belts. It is not. I will give you an example—

**The Hon. CATHERINE CUSACK:** Particularly one that involves Mr Fraser and Mr Macfarlane.

**Mr NATHAN REES:** Okay. The situation we face as a jurisdiction—say, going back six weeks—is largely a full capital works program going forward 10 years, predicated on a capacity to repay debt. That is based on some estimates. Subsequent to those arrangements being agreed, there have been a couple of different issues. The first and most obvious is your side's reaction to the energy bill, which has meant—

**The Hon. TREVOR KHAN:** And yours.

**Mr NATHAN REES:** Yes, fair cop. We could go into—

**The Hon. CATHERINE CUSACK:** It has been extensively canvassed.

**Mr NATHAN REES:** It has been extensively canvassed, indeed.

**The Hon. CATHERINE CUSACK:** We did not bring it up.

**Mr NATHAN REES:** You did. When I spoke with Standard and Poor's they raised directly with me that issue of political instability. You need to be aware of that. But that is by the by. The situation we face is a full capital works program that had the additional costs, either direct or avoidable costs, of up to \$15 billion added onto it, at a time when commercial property market revenues softened. That, of itself, presented a range of challenges for us; there are no questions around that—largely to do with what revenue stream we needed in order to service a particular level of debt.

If you add to that the fact that it is now much more difficult to borrow, and that interest rates for those borrowings are all over the place, it introduces another level of complexity that is outside the direct influence, and in some cases outside the predictability, of any jurisdiction in Australia. We are now dealing with an international circumstance that, because of the impact on interest rates, has real implications for some national jurisdictions. That is why Bernie Fraser and Ian Macfarlane were appointed.

**The Hon. CATHERINE CUSACK:** I have read this budget paper before. I note that Treasury predicted the credit crunch, and it predicted the vulnerability to property taxes. All of this was in the budget—

**Mr NATHAN REES:** Not to this extent.

**The Hon. CATHERINE CUSACK:** Not to this extent, I will concede that.

**Mr NATHAN REES:** And nor was the failure of the energy bill, jokes aside.

**The Hon. CATHERINE CUSACK:** Many of the things that have come as a great shock to you and your Cabinet colleagues were in that document, and now it is news to everybody. Surely all Mr Macfarlane and Mr Fraser need to do is tell you the number you are aiming for, and then let your Treasurer get on and deliver this mini-budget. Other than saying you need to rein in your spending, what you are spending on education is not an international money market function; that is a function for the Minister and the Cabinet.

**Mr NATHAN REES:** No. The amount we borrow and the interest rate at which taxpayers have to pay the money back is—

**The Hon. CATHERINE CUSACK:** Why can they not give Treasury that advice? Why does it have to be passed by Cabinet?

**Mr NATHAN REES:** That is part of what they will do. I will go back to what Alan Greenspan said, because he has a better brain on this issue than any of us here. He said that this is a one-in-50 or 100 year event. I think the public expect us to be prudent in a time like this, and that means taking the best available advice. If we have to pay a little bit of money for it, that is the right thing to do. Are you suggesting that we do not have that expert advice?

**The Hon. CATHERINE CUSACK:** You announced this on 24 September. I am trying to understand what the role of the mini-budget is. I understand there is investment advice that the Government wishes, and you want to get that separately to the Treasurer. I am trying to understand—

**Mr NATHAN REES:** They will bring a whole range of different views and perspectives to the deliberations, some of which I will not know of because they have far more experience in these things than me. It comes down to whether you think they should be there or not. I think they should be.

**The Hon. TREVOR KHAN:** Premier, on 9 September—I think it was about the time of your first Cabinet meeting—you were provided with certain advice as to the Treasury position. In answer to a question asked after that Cabinet meeting with regard to why the estimates of stamp duty revenues were so inaccurate, your response at that time was, "I don't have the time nor the inclination to examine why those estimates were wrong." Would you not now concede that as at 9 September it was fully prudent to be inclined to find out why the estimates were so wrong?

**Mr NATHAN REES:** This is one of those occasions when I do wish the transcript was up, because what I actually said in response to that question—and I remember being miffed at the way it was reported, not that I am whingeing about it. What I said was that I had neither the time nor the inclination "at this stage". The point I was making was that the first thing we need to do is to get the budget back in order. Once the budget is back in order we can then look at the reasons why we got those estimates wrong and adjust forecasts subsequently, and so on. What I said was "at this stage". I had every intention, as any sensible person would—if you get projections wrong, you need to do the retrospective exercise to work out why they were wrong. That is what I said at that time. That is just to give you some context around that remark. And we will do that work.

**The Hon. TREVOR KHAN:** Premier, it has now been revealed as a result of an FOI issued by the Property Council of Australia that the collapse in stamp duty revenues was evident from January this year, that is, much earlier than has previously been indicated. What do you, as a Minister of the Crown, know of the collapse in property revenues, and when?

**Mr NATHAN REES:** The \$90 million or \$100 million figure, from memory, had been referred to by the former Treasurer about a fortnight before the world change—

**The Hon. TREVOR KHAN:** When you say "the world change", is that a reference to the departure—

**Mr NATHAN REES:** Yes, the change of Premier. About a fortnight later, or thereabouts, there was a reference to it. At the time I did not sit on budget committees, so I had no knowledge of—

**The Hon. TREVOR KHAN:** Who sat on the budget committee?

**Mr NATHAN REES:** The Premier, Treasurer Costa, Minister Roozendaal, Minister Tripodi, Minister Della Bosca and John Watkins.

**The Hon. TREVOR KHAN:** Do I take it from the fact that those people were on the budget committee that they knew of the collapse in stamp duty revenues?

**Mr NATHAN REES:** I am not going to speculate on that. I do not believe they did.

**The Hon. TREVOR KHAN:** Have you asked?

**Mr NATHAN REES:** No. Most of them are not there.

**The Hon. TREVOR KHAN:** Minister Roozendaal is. He is your Treasurer.

**Mr NATHAN REES:** Yes, Eric is. I am not going to speculate on what they were or were not told. I do not know—I could probably find out—but the issue for us now is to get back on track. That is what is occupying our minds and our efforts.

**The Hon. TREVOR KHAN:** Would it not affect the confidence that you have in your Treasurer, your now Treasurer, if you discovered that he was holding back from his Cabinet colleagues that there was a substantial hole developing in the Government's revenue?

**Mr NATHAN REES:** No, let us be clear on this. The responsibility for the stewardship of the State's finances rested with Michael Costa—

**The Hon. TREVOR KHAN:** And the budget committee surely?

**Mr NATHAN REES:** No, they make decisions around spending but the responsibility of the stewardship of the finances in toto was the responsibility of Treasurer Costa. The forward estimates issue has been well-documented, the issue around the effect on the capital works program of the non-passage of the bill has been well-documented, and it is pointless going over that ground. We have got a situation that I would rather not be facing but I am. We do not have much choice other than to get on with the job of crafting a mini-budget that sets us up for the medium and long term. Sorry, can I make a comment?

**CHAIR:** Yes.

**Mr NATHAN REES:** I thought Eric Roozendaal was on the budget committee but he actually was not.

**Ms KRUK:** Can we correct that in *Hansard*?

**CHAIR:** Yes.

**(The witness withdrew)**

**The Committee proceeded to deliberate.**

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