

GENERAL PURPOSE STANDING COMMITTEE No. 5

Monday 15 October 2007

Examination of proposed expenditure for the portfolio areas

HOUSING, TOURISM

The Committee met at 2.00 p.m.

MEMBERS

Mr I. Cohen (Chair)

The Hon. R. L. Brown
The Hon. C. J. S. Lynn
The Hon. E. M. Obeid

The Hon. M. J. Pavey
The Hon. L. J. Voltz
The Hon. H. M. Westwood

PRESENT

The Hon. M. J. Brown, *Minister for Housing, and Minister for Tourism*

Department of State and Regional Development

Mr M. Cullen, *Acting Director General*

Aboriginal Housing Office

Mr A. Hedger, *Acting Chief Executive Officer*

Department of Housing

Mr M. Allen, *Director General*

Mr S. McIntyre, *Executive Director, Policy, Strategy and Finance*

Tourism NSW

Mr J. O'Neill, *Executive Director and General Manager*

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 welcome you to this public hearing of General Purpose Standing Committee No. 5. I declare this hearing open to the public. Minister, I welcome you here today. I also welcome your accompanying officials. At this hearing the Committee will examine the proposed expenditure from the Consolidated Fund for the portfolio areas of Housing and Tourism.

Before we commence I would like to make some comments about procedural matters. In accordance with the Legislative Council's guidelines for broadcasting proceedings, only Committee members and witnesses maybe 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 broadcasting of proceedings are available on the table by the door. Any messages from attendees in the public gallery should be delivered through the chamber support staff or the Committee clerks. Minister, you and the officers accompanying you are reminded that you are free to pass notes and refer directly to your advisors while at the table. I remind everyone to turn off their mobile phone.

The Committee has agreed that we will go with the Department of Housing first. There will be 25 minutes per group—Government, Opposition and crossbench. We will have a break before commencing the Department of Tourism section. The Committee has deliberated and decided that the department will have 21 days for questions on notice. I hope that does not create any hardship for you?

Mr MATT BROWN: We are happy to comply.

CHAIR: All witnesses from departments, statutory bodies and corporations will be sworn in prior to giving evidence. The Minister need not be sworn, as he has already sworn an oath in his office as a member of Parliament. All other witnesses will be sworn or affirmed.

MICHAEL ALLEN, Director General, Department of Housing, sworn and examined, and

ALLEN HEDGER, Acting Chief Executive Officer, Aboriginal Housing Office, affirmed and examined:

CHAIR: Minister, we have also deliberated to limit any opening statements to five minutes. Please feel free to make an opening statement, but it certainly is not obligatory.

Mr MATT BROWN: I welcome the opportunity to make an opening statement and I will take advice from the Chair on aspects of that statement you may wish to shorten.

CHAIR: Five minutes is the limit.

Mr MATT BROWN: I am very pleased to be here today. I believe that the budget estimates are a very important part of our democratic process. I look forward to participating in this session and to the interesting and intelligent questions I am sure to receive from all Committee members. I shall begin by making an opening statement so that I can inform the Committee about the Iemma Government's commitment to delivering new infrastructure and improved services to people in need in New South Wales. New South Wales social housing comprises some 148,000 homes, or 5 per cent of the entire housing stock in our State. It includes public, community and Aboriginal housing. This makes Housing New South Wales Australia's largest landlord, and quite possibly the largest landlord in the southern hemisphere. This gives us an idea of the scale of the social housing system the Iemma Government is committed to. We are committed not only to maintaining that system but to growing it to continue to meet the needs of those in housing stress in our State.

In this year's budget the Iemma Government announced it would invest some \$763.2 million in the delivery of social housing. That is an increase of \$50 million on the previous year. What we are going to do with this money is allocate \$315.5 million to build or buy some 1,423 new social housing properties for those most in need and \$9.1 million will be used to buy or lease 314 crisis accommodation properties. In total, nearly 42,000 people will be provided with assistance through

approximately 4,500 crisis accommodation places in this financial year. An allocation of \$76.71 million will be made to lease more than 9,000 new and existing social housing properties.

A bit over \$1 million will be allocated to lease an additional 100 units for supported accommodation for people suffering from a mental illness under the successful Housing Accommodation and Support Initiative program. Nearly \$27 million will be spent on assisting some 86,000 people into private accommodation through Rent Start, \$1.2 million is to be spent on initiatives for the homeless and \$17.66 million is to be spent on affordable housing initiatives. Going through those figures, one can see areas of significant investment in the Government's commitment to delivering infrastructure and services to the people most in need.

In this year's budget, nearly \$236 million will be spent on the construction of more than 1,000 new public housing homes and completing the building of 807 homes. In the community-housing sector we will be spending more than \$128 million on the commencement of 339 new homes and the completion of around 358 homes. We will be subsidising over 5,600 existing leases and starting 90 new leases. Similarly, for the Aboriginal Housing Office, \$19.1 million will be spent on 45 new homes, providing housing services to the people of New South Wales. The Iemma Government will spend over \$200 million on improving and upgrading existing public, community and Aboriginal housing. We will be spending \$10 million also to help people with special rental subsidies. This will allow people with disabilities or AIDS and HIV to remain in privately owned accommodation and close to those very important health facilities. These people will pay the same rent as they would if they were tenants of Housing New South Wales.

In addition to the funds allocated to affordable housing initiatives, the Government is focused on facilitating people's access to affordable home ownership. The Iemma Government provides a range of products to assist in that regard. Not only are we providing houses and property, we want to do a lot more than that by making sure we build communities for those who live in and around public housing. An important part of the Government's priority is housing for our seniors. The Government is committed to delivering new infrastructure and improved services to the elderly. Elderly people now occupy 31 per cent of public housing, which is an increase of 12 per cent in the past 10 years. In recognition of this, the Government has launched its Older Persons Strategy—an investment of some \$420 million.

CHAIR: Thank you, Minister. Your five minutes have expired. We will move to questions now.

The Hon. CHARLIE LYNN: On 30 September this year the Premier demonstrated his personal commitment to affordable rents. According to a newspaper article, he said he would increase rent only once in four years and then by only \$10 to \$275 a month. This is a laudable demonstration of his commitment. Do you endorse his actions and his commitment to affordable rent?

Mr MATT BROWN: Mr Chair, I understand I am here as Minister for Housing, not to make comments on the Premier's personal investments. I simply add that I do support the Premier's commitment to those people in need in New South Wales. He has shown that through his dedication to our public housing stock. It is quite a difference to what we have seen from the Liberal-National parties federally, who have threatened to withdraw \$300 million a year out of the budget of the Commonwealth-State Housing Agreement. That agreement has been in place for some 60 years, firstly implemented by Prime Minister Ben Chifley and the State Premiers at that time.

Those agreements have been through many leaders: Menzies, Holt, Gordon, McMahon, Whitlam, Fraser, Hawke and Keating and recently through the Howard Government. Through that time, though, they have reduced their commitment to that funding of some \$1 billion. We could have built an extra 5,000 properties with that \$1 billion. The Hon. Charlie Lynn might want to know that this Government, through its Premier, Ministers and members, is totally committed to providing affordable rental accommodation. We would want to see a bipartisan push to Canberra that this funding agreement remain so that we can continue to subsidise and look after those most in need.

The Hon. CHARLIE LYNN: Minister, I refer to your own pecuniary interest return in which you list renting out 11 properties. How many of those properties that you rent out are in New South Wales and how many are residential?

Mr MATT BROWN: Mr Chair, I do not think that is part of the terms of reference as Minister for Housing. It has nothing to do with my personal investments.

CHAIR: I tend to agree, unless there is a point that the Hon. Charlie Lynn would like to make that relates to your position as Minister.

Mr MATT BROWN: I may be holding investment strategies and the Hon. Charlie Lynn can come and see, if he wants to.

The Hon. MELINDA PAVEY: Why are your investment strategies focused so much on Queensland rather than New South Wales? Of your 12 properties, 7 are in Queensland, 4 in New South Wales and 1 in New Zealand.

The Hon. LYNDA VOLTZ: Point of order—

CHAIR: Order! I uphold the point of order. I fail to see the relevance.

The Hon. EDDIE OBEID: Why does the Hon. Melinda Pavey live in Coffs Harbour instead of on a farm?

CHAIR: Order! I uphold the point of order. We should focus on the issues in the Minister's portfolio, of which there are many.

The Hon. CHARLIE LYNN: The Premier set the benchmark by the story that appeared in the *Daily Telegraph* about his commitment to affordable housing. One would not generally ask a question of this type, but he is the Minister for Housing and he is a landlord. I wanted to ascertain the Minister's personal commitment to the philosophy of affordable rent.

The Hon. LYNDA VOLTZ: Point of order: These questions are more suited to the planning area rather than the Minister's current portfolio. That Committee hearing has just been held and there was every opportunity to ask questions about the planning authority.

CHAIR: Order! The issue of affordable housing is not an unfair question, if the Minister would like to comment on whether he personally practices what his Government preaches.

The Hon. CHARLIE LYNN: I am not asking about what the Minister personally practices. I am asking about his commitment.

Mr MATT BROWN: I think it is totally out of order. It has nothing to do with my portfolio.

The Hon. CHARLIE LYNN: I was not asking whether you personally practised it or not. I am not interested in that. I was asking about your commitment to affordable housing.

Mr MATT BROWN: The Government has a strong commitment to affordable housing. I outlined that in my opening statement. I have many more aspects that I would like to bring to the Committee's attention about the Government's commitment to affordable housing. It is not just assisting the elderly; it is not just assisting those in need. We are also assisting many others wanting to get into the property market. We are assisting those who want to receive mortgage assistance or are having trouble meeting their mortgage repayments. I might add that we have seen the Prime Minister promising to keep interest rates low. We have now had nine interest rate rises in a row. That is in addition to some of the misfortunes that have happened around the State, meaning that we are seeing an increase in people wanting mortgage assistance from Housing NSW, whom we have assessed. Of the 438 assessments 229 applications have been approved to the tune of \$1.386 million.

That is a small example to the Hon. Charlie Lynn about our commitment. When we saw that there were people doing it tough due to equine influenza who might be eligible for the mortgage assistance scheme, we had a number of media announcements and statements and we did see an increase in applications to our office. We are seeing many people wanting to access our program of Rentstart. In fact, some 86,000 New South Wales men and women are benefiting from our Rentstart

program. Nearly 32,000 households were assisted during the previous financial year to the value of over \$24 million. These households received some 55,000 units of assistance, whether it was for bonds, advanced rent, helping them out with rental arrears or temporary accommodation. Our Housing Contact Centre is also receiving over 760,000 calls. We are making sure that our staff is there on the front line assisting tenants who are calling up for assistance with maintenance, rents, temporary accommodation or how they can purchase a home. That is another service that Housing NSW provides.

The Hon. MELINDA PAVEY: Minister—

Mr MATT BROWN: I was answering a question about my commitment. I have not finished that answer.

CHAIR: Go on, Minister.

Mr MATT BROWN: One aspect of growing our rental accommodation is increasing our community housing. The Iemma Government has a plan set out in the State Plan to increase community housing from the 13,000 that we have now. That is an increase from 2,000 when we took over office to 30,000 by the year 2016. We are seeing large investments from community housing in that regard, whether through our debt equity program or stock transfers, but it is another very important aspect of public housing where we are making a real difference in affordable rental accommodation.

The Hon. MELINDA PAVEY: On affordable housing, I refer to the Bonnyrigg development announced by your predecessor, Minister Carl Scully, in 2004. Do you recall what the cost of the project was in 2004?

Mr MATT BROWN: I can answer that. The Bonnyrigg development is moving ahead extremely well.

The Hon. MELINDA PAVEY: Do you remember or are you aware what the cost of the project was in 2004?

The Hon. EDDIE OBEID: He is answering. Give him a chance.

The Hon. MELINDA PAVEY: He was moving to the future. I wanted him to go back to the past.

The Hon. EDDIE OBEID: Don't worry. The Minister will answer the question.

CHAIR: Order! I ask members to refrain from interjection.

Mr MATT BROWN: I do not have that figure on me.

The Hon. MELINDA PAVEY: It is \$500 million. I just had it with me.

Mr MATT BROWN: To understand that figure, is that \$500 million all up?

The Hon. MELINDA PAVEY: That was the initial cost of the project as announced by Carl Scully in 2004. The Bonnyrigg project was \$500 million.

Mr MATT BROWN: Cost to whom?

The Hon. MELINDA PAVEY: Cost to the people of New South Wales.

Mr MATT BROWN: You are saying the taxpayers' contribution was \$500 million?

The Hon. MELINDA PAVEY: I am saying the cost of the project as promoted by Carl Scully at the time was \$500 million.

Mr MATT BROWN: I am sorry, Mr Chair, the question does not make sense. One minute the Hon. Melinda Pavey is saying—

The Hon. MELINDA PAVEY: The cost of the project to the people of New South Wales, whether that is private and public combined, was \$500 million.

CHAIR: The suggestion is it was \$500 million.

Mr MATT BROWN: Is that the taxpayers' contribution or the cost of the project?

The Hon. MELINDA PAVEY: On 13 December 2004 Mr Scully said:

The renewal plan involves linking community, government and private sector partners to upgrade homes, streets and community spaces over 10 years—

As I just mentioned, Mr Scully refers to the cost to the people of New South Wales from private and public—

The plan—estimated to be worth at least \$500 million—will see the replacement or refurbishment of more than 800 public homes and the building of additional homes.

I am pleased that I could inform you that the original cost of the project was \$500 million. What was your recent announcement in September 2007?

Mr MATT BROWN: I understand that the taxpayer contribution to Bonnyrigg is some \$368 million, not \$500 million, and what we are seeing is an investment of both private and public to the tune of \$733 million.

The Hon. MELINDA PAVEY: But the original cost of public and private in 2004 was \$500 million. It has now gone up, under your own admission just then, to \$731 million—an increase of 50 per cent in three years. Why is that so?

Mr MATT BROWN: When these contracts were signed up there was a public-private position there of over \$700 million. The New South Wales taxpayer is contributing some \$368 million towards this project. We will be seeing significant savings in maintenance, we will be seeing a renewed community, and we will be seeing a complete change in the social fabric and make-up of this particular community. It has been hailed a success from nearly every avenue you care to listen to and I am pleased that we are moving ahead with Bonnyrigg. It is the first public-private partnership in public housing in the country. We are national leaders in this project. We are no doubt going to learn a lot from this particular project, but we are certainly not spending some \$500 million, as the Hon. Melinda Pavey—

The Hon. MELINDA PAVEY: I said it was a public-private project.

CHAIR: I think the Minister is adequately answering the question.

The Hon. MELINDA PAVEY: The original time frame for the project was eight years under Minister Scully. Under you it is now 14 years. Why is that so?

Mr MATT BROWN: I have got nothing more to add than my previous answer.

The Hon. MELINDA PAVEY: You do not know why there is a time or a cost blow-out then, thank you.

Mr MATT BROWN: I reject that there is a time or a cost blow-out. The public-private partnership, as I understand, is entered into under the agreement as that time and that cost associated with it. I might ask my director general to add to that.

Mr ALLEN: The nature of the Bonnyrigg PPP is a multiyear project. It is taking place on land that is largely now currently occupied by public housing tenants. There has been a detailed consultation process with those public housing tenants during the course of the tender period and the

new housing to be constructed has been broken up into a number of stages—approximately 18 altogether. The basis of doing it in that staged way does, yes, take longer but it actually manages the impact on the people that are currently living in those homes far more effectively than having to relocate all of those people at a faster rate. The residents that are currently living there, the public housing tenants, gave very strong feedback that they wanted to see a more staged and managed process and the developers, the Bonnyrigg partners consortium, put forward that time frame in response to the concerns and issues of those residents and of the local council.

The Hon. MELINDA PAVEY: How many public homes are at Bonnyrigg currently?

Mr MATT BROWN: The current estate has 933 dwellings; they comprise 833 public dwellings and 100 private dwellings. The renewed estate will have a total of 2,330 dwellings, comprising 699 public housing dwellings—that is some 30 per cent of the total—and 1,631 private dwellings. The shortfall in public housing dwellings will be acquired off the estate by Bonnyrigg Partnerships to ensure that the overall public housing numbers will not be reduced.

The Hon. MELINDA PAVEY: Can you explain where the 134 public housing shortfall is coming from?

Mr MATT BROWN: I have just answered that. I said the Bonnyrigg Partnerships will purchase them.

The Hon. MELINDA PAVEY: Purchase what?

Mr MATT BROWN: The shortfall: the 134 houses.

The Hon. MELINDA PAVEY: When they purchase that shortfall of 134 public homes what are they purchasing?

Mr MATT BROWN: I do not know how I could adequately describe a house more than the word "house", but there would probably be a driveway, kitchen, bathroom, a couple of bedrooms, a toilet—a house.

The Hon. MELINDA PAVEY: You just announced that there are 833 public houses now. At the end of the construction by the public-private partnership there will be 699 public houses, 134 fewer than there are today. The 134 will be provided by the private sector, is that what you are saying?

Mr MATT BROWN: No, I am saying that the Bonnyrigg Partnerships will purchase the 134 homes to ensure that there is no net loss in public housing.

The Hon. MELINDA PAVEY: So they will be purchasing the ones that are there by government now, or from where will they be purchasing them?

Mr MATT BROWN: Probably to a housing seller—someone who sells houses.

The Hon. MELINDA PAVEY: So they are going to go out to Western Sydney and buy 134 homes?

Mr MATT BROWN: That is correct.

The Hon. MELINDA PAVEY: Whereabouts in western Sydney?

Mr MATT BROWN: They will be purchasing them close to the Bonnyrigg estate in greater Western Sydney.

The Hon. MELINDA PAVEY: In what suburb?

Mr MATT BROWN: The suburbs surrounding Bonnyrigg in greater Western Sydney. A number of these tenants have moved out into surrounding areas or will be moving out into surrounding areas. Housing NSW will be keeping contact with these tenants and will be purchasing

properties in surrounding areas to ensure that our tenants are close to their family and support networks in communities that they are happy belonging to.

The Hon. MELINDA PAVEY: Will there be a requirement by the Department of Housing for the quality of homes that it has to buy? One hundred and thirty-four homes is a lot of homes to buy in Western Sydney to make up the shortfall currently in public housing at Bonnyrigg.

Mr MATT BROWN: The short answer to that is yes, Housing NSW does have standards that it applies to all its properties. I have visited many of these and the normal process is when either the department purchases them by itself or if it has done so through an agreement such as Bonnyrigg Partnerships, each property will then be assessed to ensure that it is fitted out with things such as smoke alarms and the like. Often, maintenance is done before a tenant goes into that particular property, so, yes, we do have standards and they will be maintained.

The Hon. MELINDA PAVEY: Will that part of the contract of the PPP be able to be made public in relation to the buy-out of 134 homes within nearby areas?

Mr MATT BROWN: The Government has made a commitment through the contract that there will be an extra 134 homes purchased off the estate. That is government policy.

The Hon. CHARLIE LYNN: I refer to the affordability of housing. What representations have you personally made to reduce government charges on new blocks of land?

The Hon. LYNDA VOLTZ: That has got nothing to do with this Minister.

The Hon. EDDIE OBEID: The Premier and the Treasurer announced that last week.

The Hon. CHARLIE LYNN: I want to know what representations the Minister has made to reduce government charges on new blocks of land.

The Hon. LYNDA VOLTZ: Point of order: You can hardly ask a Minister to make a comment on a Cabinet decision and expect him to tell you what his submissions in Cabinet are.

The Hon. CHARLIE LYNN: I just want to know what representations he has made.

CHAIR: Order! I think the Minister is quite capable of answering or not answering. The Minister should answer as he sees fit. Does the Minister recognise that is always his right?

Mr MATT BROWN: Certainly. I do not think I could have answered it better than the point of order made by the Hon. Lynda Voltz. My discussions with my Cabinet colleagues are in confidence and I am sure everyone here would expect me to abide by Cabinet confidentiality.

The Hon. CHARLIE LYNN: The Premier announced last week that he was reviewing government charges. Would you table your submissions to Treasury and the Premier for a reduction in charges, which are up to 35 per cent of the purchase price of a basic land and house package now, and that includes land tax, stamp duty, infrastructure levies, and all that sort of stuff?

Mr MATT BROWN: My answer remains as it was before, but I might enlighten the Hon. Charlie Lynn in that the main reason people are having trouble entering the housing market is because interest rates keep going up. There are many Australians who believed Prime Minister Howard at the last Federal election when he said he would keep them low and who have gone out and extended themselves.

They took up mortgages to realise the great Australian dream but they are now having trouble making ends meet. We are helping as many of those people as possible through my office. However, the cost of buying a house and land is much more because of the higher interest rates.

The Hon. CHARLIE LYNN: I empathise with the people the Minister refers to because I was purchasing a house when the interest rate was 18 per cent under the last Federal Labor Government. I know about the pain. However, the advantage we have now is that unemployment is at

its lowest level in 38 years so at least people can get a job to pay off their mortgage. I think we should compliment the Federal Government on that. Minister, you are aware that many lower paid essential workers, such as police officers, ambulance officers, council workers and school teachers, can no longer afford to live in areas like the inner city but the residents of those areas need those workers. What action has the department taken to assist lowly paid essential workers to live within a reasonable distance of high-cost residential areas?

Mr MATT BROWN: First, I take issue with the Hon. Charlie Lynn on behalf of those working people trying to make ends meet. Having any member of the Liberal Party say that they might be finding it tough to make ends meet but at least they have a job is a slap in the face. They are trying to get a job and make ends meet and they were right to believe that the Prime Minister would keep down interest rates. He has not and that is why they are struggling.

In regard to making affordable housing available close to the city, the Government has implemented the Inner West Housing Strategy. The Government is not about to indulge in a wholesale sell off of public housing throughout the State. Should Mal Brough and John Howard keep to their word and deny this agency \$300 million a year—

The Hon. MELINDA PAVEY: We have about a minute left for questioning, so we are happy to leave—

Mr MATT BROWN: This is the answer. I would have to sell about 10,000 homes immediately to make ends meet. Those homes would probably be in areas with high land values. That would mean less affordable housing in the areas in which the Hon. Charlie Lynn has tried to show some interest. This Government is committed to providing affordable housing in its many facets—whether it be through home ownership, rental accommodation or accommodation for the aged, the disabled or the infirm. It will continue that process and honour that commitment. However, it needs the assistance of all members of Parliament in telling John Howard and Mal Brough that that \$300 million should keep coming back to New South Wales so that my department can continue the good work it is doing.

The Hon. ROBERT BROWN: Given that the departmental policy is to assist public housing tenants transition into homeownership by encouraging the sale of existing housing to public housing tenants, can the Minister tell the Committee how many public housing tenants outside the Sydney, Newcastle and Wollongong areas have applied to purchase such homes and how many of these applications have been approved?

Mr MATT BROWN: I will have to take that question on notice, but I am happy to do so and to comply with the 21-day timeframe.

The Hon. ROBERT BROWN: Is it also a fact that the department sells dwellings or other assets on the private market to maximise returns? Can the Minister tell the Committee how many public dwellings throughout New South Wales have been sold on the private market, excluding properties purchased by public housing tenants, in other words, as an investment strategy?

Mr MATT BROWN: The department purchases and builds houses, and one way of funding that is through sales. In the past financial year, the department commenced building some 1,276 properties and last year it completed 883 properties. Our home sales and demolitions in the past year involved 1,024 properties. All in all, the department had a net increase of 196 properties last year from sales and repurchasing.

The Hon. ROBERT BROWN: How many public housing properties has the department had to refurbish in the past year as a result of deliberate damage and what was the total cost associated with that work? How do those figures compare with figures from recent years?

Mr MATT BROWN: The bulk of our tenants are very law-abiding and appreciate the generosity of the taxpayers in providing social housing. Unfortunately, some tenants indulge in anti-social behaviour in their property. This Government takes a zero tolerance approach and has implemented strict measures to combat that behaviour, such as amending residential tenancy agreements to enforce better standards of behaviour and adding new clauses to tenancy agreements to

make it easier to evict tenants in the Consumer, Trader and Tenancy Tribunal if they breach their agreement. We will ascertain the exact figure to the best of our ability. However, it is not something that is rampant throughout the social housing stock.

The Hon. ROBERT BROWN: Do you believe it is reducing or increasing?

Mr MATT BROWN: We do not believe it is increasing.

The Hon. ROBERT BROWN: I refer to the relativities between metropolitan New South Wales and rural New South Wales. What is the average rental received for a three-bedroom public housing property in Sydney and for a similar property in rural New South Wales? What is the average time that people remain on the housing register in metropolitan Sydney, Newcastle and Wollongong compared to the average time on the register in rural New South Wales?

Mr MATT BROWN: It depends on where we are talking about in rural New South Wales. Of course some rents are cheaper in some rural areas than in metropolitan areas. Every year we ascertain the market rent of all of our properties. We then look at what our tenants can afford to pay to live in those properties by looking at their income and working out the percentage that they can afford to pay in rent. At the end of the day, the difference in rent does not matter; the departmental focus is the ability to pay. The other questions are specific and I will endeavour to get the correct answer.

CHAIR: A 2007 study by Milligan on housing affordability indicated that at least 15 per cent of the population pay at least 30 per cent of their income to meet housing costs. Mention has already been made of developer levies on greenfield sites and so on. How can the Government ensure that these potentially less expensive homes will be bought by the target group, for example, aspiring first home owners, rather than investors?

Mr MATT BROWN: I am sorry, the Hon. Melinda Pavey is being very distracting. I missed that last part.

CHAIR: The issue of rental stress, also cost stress and the opportunity for aspiring first-home owners to get into the market. How does your department go in any way to ensure that these cheaper rental properties go to first-time owners rather than to investors, for example?

Mr MATT BROWN: One way we do it is, in properties we are selling we put in restrictive covenants, caveats, on the title. I just visited our Broken Hill estate last week, which I think is a great example of how we are providing new housing stock to people wanting to enter the housing market rather than investors purchasing the property. You might be aware that there were a number of vacant properties in South Broken Hill that were becoming a target. I am sorry, I am talking about Dubbo, not Broken Hill.

The Hon. MELINDA PAVEY: Six hours away from each other.

Mr MATT BROWN: Thanks, Miss Pavey, I appreciate your understanding of geography. In relation to Dubbo there are a number of precincts we have removed a number of houses from and removed tenants from those houses. Some of those houses that are still in good condition we have put to the market via auction and put restrictive covenants, caveats, on the title so people who purchase these properties have to live in there for some seven years. I had the great opportunity of meeting one family in Dubbo just last Wednesday and seeing the smiles on the faces of these new homeowners faces and their kids, when they are able to purchase their house.

In regard to the other areas in that particular estate, there are also covenants on vacant blocks of land. Again, we want to attract private investment in there rather than my agency building the houses, but once the house is sold it would be to the homeowner. So, if you talk to people like Gail Whitby, who I met last week, she managed to buy a three-bedroom home for herself and her two daughters for \$88,000. We are seeing homes sold in that range anywhere from around the mid-\$40,000—that is a home in a pretty bad state I might add—to the tune of about \$148,000. So people are entering in there. This particular lady, Gail Whitby, was saying that her mortgage repayments are less than what her rental was in the private market. She can see a keen future for her to go ahead. That is one example where we are restricting who can buy those homes.

CHAIR: Introducing amendments to the Housing Act and allowing community housing organisations to manage more stock and charge a range of rents which are appreciated, allowing the expansion of the stock from some 13,00 to 30,000 homes—how are you dealing with title issues, or are you intending to use 99-year leases or some similar mechanism to deal with that?

Mr MATT BROWN: We use a variety of title to manage that. Again, you raise an important point, because what we want to do is increase the equity of these community providers. They can borrow against that equity and increase the number of houses they provide. A number of our transfers to them are 35-year leases. We have some where we transfer title altogether. Very rarely would we have anything like a 99-year lease but we are continually working with community housing providers and the financial sector to ascertain what the appropriate length of time would be so that there is certainty with the Community Housing Association. They can do a partnership or go straight to the bank and know they will have a constant cash flow over that time, that they do have equity in those extended leases so they can build more properties.

CHAIR: Are you aware that the State Government's LEP template does not allow incentives for affordable housing in local government areas such as my home area of Byron shire? I know you were recently there. Has an affordable housing strategy proposed clauses to enable incentives and density bonuses for developers who are willing to make commitment to affordable housing, and would you seek to investigate this matter with the Minister for Planning?

Mr MATT BROWN: I take on board your comments. I had the pleasure of meeting the mayor of Byron shire only last Wednesday night. She also has a great interest in social housing. We spoke at length on this issue and I look forward to talking with her and other community leaders in this regard. As I mentioned to her on that night, a number of councils are out there working towards this end. Housing New South Wales has provided a local government kit, where we have broken down the demographics for each local government area, trying to assist councils look at some of the challenges and demands they are facing in their area. One council, Canada Bay, for instance approved high density to one particular developer for the return of some social housing stock to that area which it will be leasing out to nurses at the local Concord Hospital and police officers at the local police station, which if my memory serves me correctly is Five Dock police station and that local area command. I take on board your comments. I think councils can move ahead in this regard without the State having to be with them every step of the way, as Canada Bay has done, and I appreciate your interest in this area

CHAIR: Thank you. The Iemma Government at one stage expressed interest in replicating the City West model of surplus producing, mixed income, affordable housing. Is that your aim?

Mr MATT BROWN: We try to mix our houses up as much as we possibly can.

CHAIR: Could applying a widespread levy on new developments result in more affordable housing being built up in high-value areas as it did in Sydney's west?

Mr MATT BROWN: It is really straying into the area of planning, and my ministerial colleague Frank Sartor would be the best person to answer.

CHAIR: You do not see that as housing?

Mr MATT BROWN: I am the Minister for Housing, which encompasses running Housing New South Wales, public housing providers, Aboriginal housing and community housing, not on land releases and the cost of levies and the like.

CHAIR: In your portfolio it would be relevant to ask you about any action to address the development of more sustainable housing, beyond basics, if you like. I know to an extent it is a planning matter but it is also housing. I was taken on a tour some time ago and certain comments were made that the way public housing was built, often with a very short planned obsolescence, there really was not a serious attempt to have long-range sustainability in public housing. I saw some examples of that in the inner city, which did disturb me.

Mr MATT BROWN: I take on both aspects of that question. Sure, probably a lot of our housing stock was built many years ago without the design standards and the intelligence that we have now. There is also a lot of old housing stock that you would need more than a bulldozer to knock over because they are that solid. So we have a whole range of properties out there in the market. If you see some of our more modern developments, you will see that they are not only very sturdy but are very comfortable for our tenants and they are better able to meet the needs of our tenants.

This was back when there was a big increase in social housing across the country and the State. So the designs of those houses need to be moved forward to today. A lot of those tenants are now elderly; they are not off having families, so we need to change the product out there for our tenants.

CHAIR: Is there any mechanism through your department that would assist, such as smaller dwellings on the sites so that developers would not only save on building costs but would get some degree of support to build something smaller and more appropriate?

Mr MATT BROWN: That is a very intelligent suggestion and I was thinking about it earlier this year. I have instructed my department to come back to me with some ways to do that. There is no point having a small, old fibro or red brick house on a big block of land that does not service the needs of our current tenants. We do need smaller home units and more dense housing and as a lot of our tenants are elderly, we are now housing those in need, who are not able to run a house and land like tenants were able to some 20, 30 or 40 years ago.

I have asked my department to come back on that and they are also doing that with a lot of redevelopment that you will be seeing around the city. I also agree that climate change is a reality and it is a challenge. We all need to make a difference. I am working hard with my agency to take all the steps we can to implement environmental sustainability to reduce our carbon footprint and reinforce the message that we are not just about bricks and mortar; we are part of the global community and this agency, like anyone else, has to have a serious look at environmental aspects and how we can improve economical and social sustainability outcomes.

Housing New South Wales has already begun to integrate environmental and climate change practices into all client and asset operational aspects, whether it is designing or maintenance. We have a stock worth \$27 billion that requires more than \$300 million worth of maintenance, so we want to make sure that we have better performing assets that do not require as much maintenance, that are more robust and whose ongoing running costs for both the department and tenants are reduced.

We also want to save the amount of water that is used by our tenants. Under our "Reshaping Public Housing Reforms" we took the tough decision to introduce water charging in our public housing estates. Previously public housing tenants used an average of 50 kilolitres per household. Now they use much less, so under stage one of our water usage charging, introduced in 2005, each tenant paid a water charge contribution of a percentage of their rent and we have been able to reduce that because we have saved an enormous amount of water. Sydney Water shows that water usage by our tenants has reduced by some 29 per cent under stage one and stage two, which is equal to some 4,600 Olympic swimming pools.

CHAIR: Will the introduction of metering be part of this process?

Mr MATT BROWN: Yes, we are introducing metering. For some properties it would be very difficult to meter so we allocate those charges on a pro-rata of the home units in a particular block. We also have a Community Greening Program. We allocated \$780,000 towards that, so it is not small fry; it is not an offhand amount. We want to expand our garden projects, with a focus on our housing estates, particularly in rural areas. So whether it is in the city or the country, we have these projects popping up everywhere—Claymore, Macquarie Fields, Mount Druitt, Killarney Vale, Bateau Bay, Tumbi Umbi, Bathurst, Orange and Dubbo—and they are working really well.

We are retrofitting a lot of light globes in our houses and seeing solar hot water heaters and electricity systems fitted to a number of houses. I am very committed to this aspect of the challenge that the Premier has given me. I have a lot more to give to you but I do not want to bore the

Committee now. Perhaps I could forward that information to the Committee if you have an interest in that.

CHAIR: We will take the remainder of that on notice. I appreciate that. How much did the Department of Housing spend in government advertising in 2006-07 and what did it spend in the previous two years?

Mr MATT BROWN: I will have to take that on notice. We do not have a large amount of money for advertising.

CHAIR: Are you aware of any workers employed by the Department of Housing or employed by companies undertaking contract work with your department on 457 visas?

Mr MATT BROWN: I am not aware, but I will take that on notice. The director general says that he is not aware of any.

CHAIR: Do you have specific procedures that the Department of Housing would undertake to check whether workers are on 457 visas?

Mr MATT BROWN: It is an operational matter so I will ask the director general to answer.

Mr ALLEN: I think that information would be drawn out as part of pre-employment checking but certainly the department does not take any active steps to engage people from overseas for our operational staff. I am not aware of anyone on a 457, but we will certainly take the question on notice and check.

CHAIR: You say that is for people working for the department. I am also interested to see if there is any oversight for questioning of companies undertaking contract work for the department with employees on those sorts of visas?

Mr ALLEN: I would not be aware of any of our contractors employing people on 457 visas. That is not normally information that would be required to be provided to us. We would simply require those contractors to observe both the Commonwealth and State statute laws in regard to those matters and leave it to their commercial responsibility to abide by them.

The Hon. HELEN WESTWOOD: Minister, can you update the Committee on what the Lemma Government is doing to provide housing services for Aboriginal people in New South Wales?

Mr MATT BROWN: This is an issue that I would like to put on the record of this Committee. It is interesting that Ms Pavey made such a big issue about having the acting chief executive of Aboriginal Housing present but she failed to ask one question—

The Hon. MELINDA PAVEY: Excuse me, Minister, I would like to point out that I would dearly love to have 10 or 15 minutes from the Government. We will have to have a recall but I have just spoken to the Hon. Lynda Voltz hoping that I could get 10 or 15 minutes on Aboriginal issues. If you want to deny me that, Minister, be it on your head.

CHAIR: This is not a cross-table debate. Minister, please proceed.

Mr MATT BROWN: I am happy to put the Aboriginal issue firmly on the table because it is something that New South Wales can be very proud of. We do have a separate Aboriginal Housing Office specifically working with the needs of our Aboriginal community. We have a new board that I only appointed two weeks ago already out there working very hard to make sure that our Aboriginal community are connected and that we are working to provide them houses, very different to some of the funding threats that we are getting from Canberra at the moment.

I put it in perspective. New South Wales has one-third of Australia's Aboriginal population; 95 per cent of them live in urban and built-up areas, meaning that only 5 per cent live in remote and very remote areas but all the funding coming from the Federal Government to the 95 per cent of one-third of Australia's indigenous people will be cut. The New South Wales Aboriginal Housing Office is

something that we should be proud of. It was set up under a Labor administration some 10 years ago to provide safe and affordable housing to Aboriginal people.

It has been made possible to do this under the Commonwealth-State Housing Agreement and the Community Housing Infrastructure Program. Since that time we have housed more than 12,000 Aboriginal people, mostly in urban areas. We have purchased or built more than 1,000 quality dwellings, and we have created jobs for Aboriginal people through the construction of these dwellings. We have assisted more than 220 Aboriginal community housing providers in managing more than 4,600 properties.

I think these achievements speak for themselves, but now they are under serious attack from Mal Brough and John Howard, who apparently have no regard for these achievements or an understanding of the positive effects this has had on the lives of Aboriginal people in this State. You need to realise that the more homes you have, the fewer overcrowding problems you are going to have, with families not all moving into the one house but being able to live in smaller family units.

Howard and Brough have announced in the budget this year that they will cut the Community Housing Infrastructure Program. That is \$13.25 million. Out of the whole Federal budget, it is a very small amount of money, but it does a lot of good. It provides housing for the Aboriginal people of this State, and it will be gone from the next financial year. It will be replaced by the Area Remote Indigenous Accommodation, or ARIA, which will direct funds away from urban areas to remote and very remote areas. As I mentioned before, the bulk of our Aboriginal people live in places such as Dubbo, Redfern, the North Coast and the South Coast; they do not live in remote or very remote places.

The latest bit of policy by press release from Mal Brough now suggests the States and Territories will be forced to stand alongside the private sector to fight for funding that has been a Commonwealth-State agreement for the past 60 years. Mal Brough has taken over the Northern Territory, and now he wants to take over the whole country. He wants to affect the most vulnerable people in this State, and to greatly reduce the progress we have made. And for what? Nothing I can see, other than short-term political point scoring and cutting back welfare payments from those who need it. And what do we have here from this Opposition? Big hoo-ha: Let's get the Acting Chief Executive for Aboriginal Housing at the table. Not a single question to me on that matter—

The Hon. MELINDA PAVEY: I have lots of questions, if you will allow me to ask them.

Mr MATT BROWN: The Opposition is lazy and embarrassed on this issue, and this Government can be relied upon to deliver infrastructure and services to Aboriginal people in this State. One of my priorities for Aboriginal housing was to reinvigorate the board. As I said, the new chairman, Tom Slookee, has now been put in place as a part-time position, and the other new appointments are from representatives right across the State. I am looking forward to working with them.

It is important to note also that the Aboriginal Housing Office worked tirelessly to provide training and support to Aboriginal community housing providers across the State. There is a program called HOME—Housing Our Mob Everywhere. It is a course people can complete to learn how to manage Aboriginal housing assets and tenancies. This course, designed by Aboriginal people, is so successful that it is now registered and taught in other institutions in the State. They have also created design standards and guidelines to encourage project managers to deliver innovative housing through consultation with an Aboriginal housing provider.

The Aboriginal Housing Office is also in the middle of implementing internal reforms to ensure that the housing sector is sustainable and capable of meeting the challenges of increased demand, as well as working out how we can operate with these funding cuts. Under the upgrade program, Aboriginal housing properties are also continually maintained. At the end of the last financial year, the office had upgraded nearly 4,000 properties at a cost of \$100 million.

I think these achievements again highlight the Iemma Government's commitment that when it comes to Aboriginal housing we teach people to get in there, give it a go, and make sure they have food for life and the skills to move forward—rather than throwing good money after bad on policies in

the Northern Territory that are not providing a sustainable future for communities up there. I can give this Committee every assurance that I will be fighting this with every breath I have to ensure that those who are most vulnerable and who need housing the most get it. To take money away from 95 per cent of our indigenous population in this State is nothing short of disgraceful.

The Hon. MELINDA PAVEY: Minister, could you tell us—

CHAIR: Just a moment. We are still in Government time.

The Hon. HELEN WESTWOOD: Minister, earlier today you spoke about your department's work in Dubbo; indeed, you referred to it on a number of occasions. I was hoping you could provide the Committee with additional information, particularly as to what stage the Gordon Estate redevelopment in Dubbo is up to.

Mr MATT BROWN: I would be happy to do that because there is a lot of good news about the Gordon Estate. A number of years ago many of us probably saw some of the horrific images broadcast to us on the Gordon Estate in Dubbo. We heard of families being dislocated and families not feeling safe. We are working very hard to try to change that, to create a new social housing mix—as was spoken about earlier, introducing home owners there, rather than just a large public housing provider. A change in the social mix will help people feel safe. We were not backward in making that tough decision.

Since we made that decision we have seen a significant reduction in crime. There has been a 26.2 per cent drop in home break and enters, a 26.4 per cent drop in motor vehicle theft, and a huge 35.7 per cent drop in shop theft since the redevelopment of the estate. There have also been recent reports that Dubbo's firefighters have seen a big drop in call-outs this year, which they largely attribute to the Gordon Estate redevelopment. I am also advised that New South Wales fire brigades had attended 560 call-outs in Dubbo this year, 783 calls down on the figure for the same time last year. I think those statistics talk a lot about the hard decision the Iemma Government took and some of the positive aspects that are coming out of it.

Housing affordability is an area that I can have some influence in. Earlier this year Western Plains Real Estate, which is a Dubbo agency, was announced as the successful tenderer to market the auction and sale of properties in that estate. To date we have seen three auctions and 13 properties sold, either under the auctioneer's hammer or to a registered bidder. All the properties have met their reserve price. These properties do offer genuine, affordable housing options for owner-occupiers.

The \$7,000 First Home Owners grant and the Iemma Government's waiving of stamp duty on properties valued at up to \$500,000 gives these people a real start to enter the property market. Housing New South Wales will continue to place between four and seven properties every month at public auction until the end of the year, and then we will start off with some of our properties early in the New Year. It is interesting to note that all the proceeds from the sale of this estate will be reinvested, so we can deliver new infrastructure and better services to the people of New South Wales.

There have been a number of stages and precincts in the west of the estate, and they are progressing to schedule. The redevelopment stage one is almost complete, and all tenants now in precinct two have been relocated. The feedback from many of these tenants is that their new housing situation has improved their lifestyle and the opportunities for their children. The majority of tenants and significant sections of the Dubbo community continue to offer their support to the strategy. Stage one of the strategy is also complete, and the tenants who have been relocated from precinct two and a very small number, less than 12 per cent, have requested relocation and have been relocated to other parts of the State.

New South Wales contributes approximately \$7 million annually to the Dubbo economy, so the redevelopment of this estate will provide jobs to the local community, including local tradespeople and suppliers of building material. It will provide a good economic boost to the economy, whilst at the same time creating a better community for those in the estate. It is also interesting to note, and to have on the record, that the Opposition failed to ask the question on this.

The Hon. MELINDA PAVEY: We would love to come, actually—if you would stop filibustering.

Mr MATT BROWN: The Opposition was very critical of this redevelopment when it was first announced. It has been mysteriously quiet about it more recently because—

The Hon. MELINDA PAVEY: We can ask you when we recall you.

CHAIR: Order.

Mr MATT BROWN: Because it has been a success and because they have no plan of their own. It is this Government that is committed to improving the lives of those in those in this State and particularly those communities that need intervention, such as the Gordon Estate in west Dubbo.

The Hon. MELINDA PAVEY: Would you like us to ask a question now?

The Hon. EDDIE OBEID: It is not your turn.

The Hon. HELEN WESTWOOD: May I ask a further question because unlike the members opposite I am actually interested in accurate information about what the department is doing to ensure there is quality housing services for citizens of New South Wales, particularly those that need them.

The Hon. CHARLIE LYNN: Question please?

The Hon. HELEN WESTWOOD: Would you inform the committee what it is you are doing to improve the community amenity of your large Department of Housing estates?

The Hon. MELINDA PAVEY: And how you are responding to breaking the silence report?

Mr MATT BROWN: We have a number of large housing estates that have been built over the last number of decades. All of them provide many challenges but also many opportunities. Many families love where they are, like most of us do, and we are wanting to work with those families and communities to make their community is even stronger and their families even safer. We are calling one part of our program A New Direction in Building Stronger Communities. The Premier has announced \$66 million as part of this Building Stronger Communities. We want to build community regeneration on our housing estates through this investment. What we hope to see from it is a stronger, more vibrant and supportive community for social housing tenants in six major locations, covering 18 estates across New South Wales. The six locations are: Mount Druitt, Claymore, Macquarie Fields, Killarney Vale-Bateau Bay-Tumbi Umbi, all being one, and Dubbo, Bathurst and Orange. Over the next four years as we are spending this \$66 million, these estates will be renewed into stronger communities where people can live safely and have access to important support services as well as education training and employment opportunities. The program will also provide an environment where young people can reach their full potential and older people can live with the support of their neighbours.

Just as an aside, as part of not just these six locations but right across public housing in New South Wales, we have a program where we allocate 100 scholarships to students living in public housing, to give them a helping hand. Many of these students would use that money for computers or some other form of educational assistance while they are at high school.

The Hon. MELINDA PAVEY: How much is that program worth?

Mr MATT BROWN: It is worth about \$200,000.

Mr MICHAEL ALLEN: It is about \$2,000 each.

Mr MATT BROWN: we have recently closed the applications for that round of funding but I was talking to a number of these students when I was first made Minister earlier this year, and they said that little bit of assistance, the \$2,000 scholarship, made all the difference to them, that someone

does give a damn and they have the resources and the momentum to do well at their school work. Of course, many students in these estates are eligible for that particular program.

We also want to work with our senior members so they can live with the support of their neighbours. So neighbourhood management boards made up of residents will be established on these estates. These boards will empower tenants to make decisions about their local communities. Regeneration plans will be developed to improve homes, public spaces, and access to services to create a better social mix, a better social environment. Housing is a major priority for the Government. This strategy is just one part of the overall vision and I hope this answers your question. I am pleased also that Shelter New South Wales and NCOSS have also given their full support to this initiative. It is an exciting program that I am looking forward to having rolled out over the next number of years.

The Hon. EDDIE OBEID: What work has been done in preparation for another Commonwealth-State Housing Agreement, given the current one will expire in June 2008?

Mr MATT BROWN: The Commonwealth-State Housing Agreement is central to social housing in New South Wales. I thank the honourable member for the question because I was not able to talk too much about it in my opening statement. It was established in 1945 by the great Prime Minister Ben Chifley and has survived through all the leaders up to the present date, until we got the bull at the gate, Mal Brough. Without any consultation with the States or Territories he put out a press release—this is a man who likes to have policy made by press release—signifying a change to social housing in this country forever. Should the Howard Government be re-elected, the States and Territories will be forced to compete with the private sector for this very important funding. As you have heard, a number of our programs are not just about building bricks and mortar, not just about supplying houses, but supplying necessary support services to those most in need. With that as a philosophy of the Government, there will be no way we can compete with the private sector on this particular amount of money.

This is after they have cut \$1 billion from 3 successive agreements. They are wanting to now yank out \$300 million a year. This will destroy our ability to deliver infrastructure and services to New South Wales as we know it. It is about political point scoring. It is reckless policy on the run. The Opposition members here would not ask a question about that because they either have no plan—

The Hon. CHARLIE LYNN: Or no time.

Mr MATT BROWN: Or they support Howard. Mr Chair, there was an interjection by the Hon. Charlie Lynn saying no time. They have had all year—

The Hon. CHARLIE LYNN: We have had 25 minutes.

The Hon. MELINDA PAVEY: You have had more time than we have had.

Mr MATT BROWN: They have had all year to come up with a policy. They have been in Opposition now for 12 years. They have had 12 years to come up with a policy. Still, the good thing about Opposition's policy is it is very quick to read—it is blank.

CHAIR: I hope that the views of both the Minister and the Opposition present are expressions more of effervescence than immaturity. I suggest we all keep to the script.

Mr MATT BROWN: It means that our department will be forced to sell about 10,000 homes in its first year and will advise 39,000 of our homes to make up this shortfall. That is a pretty significant amount of property to sell. This will affect more than 20,000 people who rely on us to help them improve their quality of life, but we will not be able to be there for them should this policy take place. It is also going to add more than 20,000 people back on to the housing register, which we have worked so hard over the years to keep down. It is going to stop all purchases and construction of new homes for working families in need. It will stop all maintenance for the lucky ones who still have a roof over their heads. It is a very parlous state that we are in at the moment and we will find out what the answer to this will be in six week's time. In between invading the Northern Territory, cutting back welfare payments to vulnerable people, they are now undermining one of the basic pillars of a civilised country, that is, providing social housing. I would expect the State Opposition here to form a

policy on this and to let us know whether they agree with that policy or not. It would be very interesting to know what their policy view is.

The Hon. EDDIE OBEID: They have not got enough time.

The Hon. CHARLIE LYNN: Too much filibuster.

The Hon. MELINDA PAVEY: Can we have another question?

Mr MATT BROWN: They might need more time. What we are doing is working with the other States and Territories. We have put forward a six-point plan to the Prime Minister and Minister Brough. They have rejected our six-point plan and have gone about discussing these proposals with the private sector.

The Hon. EDDIE OBEID: Could you please advise what the Iemma Government is doing to crack down on antisocial behaviour and corruption amongst Housing New South Wales tenants?

Mr MATT BROWN: We have a zero tolerance approach to tenants who do not take responsibility for their homes or do not have respect for the neighbours around them. We want to send out a very clear message to our public housing tenants that it is a privilege to have one of these homes. There are many on the register who want them. We expect those tenants to whom we provide homes to look after them correctly. If not, we have a number of policies and procedures where we will take action against them or remove them from their home. The recent ICAC inquiry into a Housing staff member who was allegedly involved in corrupt and illegal behaviour also serves as a powerful message to people involved in the public housing sector in New South Wales.

The Iemma Government is working to deliver on its commitments under the State Plan—that is, to deliver improved services to those in need. Public housing is about giving people a helping hand, not a handout. It is not an opportunity for personal gain. Housing New South Wales staff, to a huge extent, are working very closely with tenants to ensure that tenants who are misbehaving are warned that the Iemma Government and this Minister have a zero tolerance approach. We will take action in the Consumer, Trader and Tenancy Tribunal [CTTT] if they breach their agreements with us. We have introduced a new tenant damage policy, which holds tenants potentially liable for damage they willingly cause to their property.

CHAIR: The time for questions on the portfolio of Housing has expired.

(The witnesses withdrew)

MICHAEL CULLEN, Acting Director General, Department of State and Regional Development, sworn, and

JOHN O'NEILL, Executive Director and General Manager, Tourism NSW, sworn and examined:

CHAIR: I declare the proposed expenditure for the portfolio of Tourism open for examination. Minister, do you have a brief opening statement?

Mr MATT BROWN: I am pleased to be here as Minister for Tourism. I would like to begin by making an opening statement. Tourism is worth some \$23 billion to the New South Wales economy. It is responsible for 250,000 direct and indirect jobs, or 8 per cent of the State's workforce. It is a key driver of economic growth, particularly in regional areas. Regional New South Wales earns \$11.2 billion each year from tourism expenditure. According to Tourism New South Wales' satellite accounts, tourism in New South Wales is larger than agriculture, forestry and fishing, mining and service industries such as communications.

I would like to put on record the recent significant tourism award that Sydney has won. Just last Thursday Sydney was voted number one city in the world by the readers of the USA *Conde Nast Traveler* magazine. It is the twelfth time Sydney has won this award. You will be happy to know that this award follows Sydney's win of best city as voted by the readers of the United Kingdom's *Conde Nast Traveller* magazine four weeks previously. Sydney has won more than 60 tourism awards in the past decade. The latest official tourism statistics tell a great story for Sydney and New South Wales.

The State is number one for international visitors yet again, demonstrating that the Iemma Government is kicking goals in tourism and certainly not resting on its laurels. We punch above our weight in attracting international visitors, who are staying longer and spending more. The latest international visitors survey shows that the State received a record 2.8 million international visitors in the year ending this financial year, with the highest ever visitor nights of 59 million. Our share of international visitors also speaks volumes. New South Wales share is 55 per cent, 42 per cent for Queensland and a not so impressive figure for Victoria of 28 per cent.

International visitors are staying longer in the State, with international visitor nights spent in New South Wales increasing by 12.4 per cent on the previous year—continuing the rising trend since 2003 and exceeding the national growth rate of 9.9 per cent. This growth represents an additional 6.5 million nights in 2006-07. Spending is up by 14 per cent on the previous year by international visitors to \$5.2 billion. There were 3.7 per cent more international visitors to New South Wales, exceeding the national average of only 3.1 per cent. New South Wales has recorded major increases in emerging markets such as China, which is up more than 25 per cent, the rest of Asia at 20 per cent and Malaysia 16.8 per cent.

We also have good news when it comes to domestic tourism. The latest national visitor survey shows that regional New South Wales has performed strongly over the last financial year. We are also seeing that New South Wales, percentage-wise, is doing well compared to the other States. Importantly, spending is making a big difference to regional New South Wales, which receives 62 per cent of domestic overnight visitor expenditure in the State. Under our State Plan we want to increase the number of visitor nights by 10 million a year to 2016. We are well on our way to achieving that particular goal and exceeding it. You do not need to take my word for it. You can listen to the comments from people such as Layne Beachley, seven times world surf champion, Matt Cross from the Dolphin Watch cruises and Louise Withers, the managing director and producer of the *Billy Elliot* production that is coming to Sydney. She says:

I think the partnership with Tourism NSW and State shows is incredibly important. Tourism NSW has a need to bring people into the State. We certainly have a need to put bodies into the theatres. The two go hand in hand.

Richard Monroe has also praised Tourism NSW, and so has Alan Joyce, the Chief Executive Officer of Jetstar, regarding the media partnership we have with Channel 7 and with NewsCorp. We have allocated our flagship funding around the States—some \$412,000—where we are promoting local events in regional areas. We are having a review with John O'Neill at the moment to see how we can improve it.

The Hon. ROBERT BROWN: Particularly in regard to your opening statement, or that which you managed to complete, as to how well our State is doing, you mentioned a percentage of domestic overnight stays that came down to regional at 62 per cent. Is there any break-up amongst the actual international and domestic dollars spent in New South Wales between regional and, say, Sydney? Do you break it down that way?

Mr MATT BROWN: Yes, there is. I will forward you over to the managing director of Tourism NSW to tell you a little bit more about that, but our latest campaign, the Get Out of Sydney APEC campaign, was a campaign in which we invested \$250,000 in the marketing of it. We expected to see an injection in regional New South Wales of some \$3 million. We opened up our web site for different operators to put their product on—*visitnsw.com*. This was taken up by operators right across the State and what we saw off that particular investment of \$250,000 was an injection of some \$15 million going into regional New South Wales, predominantly from Sydney, going out into the regions. So there was a very successful campaign of intrastate movement. The percentages of market share across the country is New South Wales will take 34 per cent of domestic tourism, 24 per cent go to Queensland and 23 per cent to Victoria. So, even domestically we are more than 10 per cent ahead of our nearest rival, being Queensland, and, again, beating Victoria.

The Hon. ROBERT BROWN: If there are any figures available could you provide them to the Committee—a breakdown?

Mr MATT BROWN: If we have them now we will provide them.

Mr O'NEILL: It is approximately half-half in terms of Sydney versus regional New South Wales. The only thing that might be worth adding is that the marketing architecture is such that—a bit like the Victorians where they have got the jigsaw puzzle—when you are promoting one bit you are, in effect, also promoting all bits. The approach for marketing, whether it is outback New South Wales or the North Coast of New South Wales is that it is cumulative with promoting the whole of the State as well.

The Hon. ROBERT BROWN: Would I be correct in estimating that regional tourism is worth about \$500 million? Does that sound right?

Mr MATT BROWN: It is worth around \$10 billion a year.

The Hon. ROBERT BROWN: Regional?

Mr MATT BROWN: Regional tourism.

The Hon. ROBERT BROWN: Given these sorts of numbers, I take it the Government is highly cognisant of the need to expand regional tourism because of the nature of what is happening out there at the moment. For example, safari-type adventure holidays are big business in other parts of the world. International visitors spend a very, very high dollar per visit on those sorts of things. You have only got to look at international fishing competitions—game fishing, for example—and how much that brings into coastal communities. Given that feral animals on our rural farmlands and State forests cause enormous damage and that the programs conducted by government agencies, other than the Game Council, have not effectively controlled these pests, there is enormous scope for encouraging international and domestic tourists to assist in the control of pests and game animals through supervised participation in New South Wales safari tours.

There is another aspect to that also, and you raised it in your discussion on Aboriginal housing. The Government's intent is to try and see self-determination amongst Aboriginal remote communities or communities outside Sydney. Given that our firearm laws already allow for temporary permits, would you support the establishment of guided safari tours as a new industry within our State?

Mr MATT BROWN: We have had a number of meetings with representatives in that industry and are looking at how they could contribute to the tourism experience in New South Wales. We recognise that the particular industry you are talking about is one of many regional tourism industries where people want to experience a get-out-of-the-city feel. Whale watching, for instance, is

a very popular tourism activity generating hundreds of millions of dollars. It is part of Tourism NSW's ongoing vigilance to look at their experiences and determine where they put those marketing dollars.

The Hon. ROBERT BROWN: Thank you for that formal answer. I appreciate that, Minister. I have no further questions.

CHAIR: Has the Government responded to the tourism Minister's council position on nature-based tourism in terms of promoting awareness of the economic benefit nature-based tourism can provide communities while increasing their capacity to protect and preserve the environment for future generations?

Mr MATT BROWN: The Government does support nature-based tourism.

CHAIR: Specifically, have responded to the tourism Minister's council position on nature-based tourism? If you cannot answer that question perhaps you need to take it on notice.

Mr O'NEILL: The tourism ministerial council through which we operate has a joint initiative it is looking at with the environment Minister and other relevant Ministers to encourage more nature-based tourism. We are an active participant in various different strategies that have been conceived to do that, including with some—

CHAIR: But are you aware of the tourism Minister's council position on nature-based tourism?

Mr O'NEILL: Our own tourism industry?

CHAIR: Yes.

Mr O'NEILL: Yes, absolutely. We are part of that council.

The Hon. LYNDA VOLTZ: So it is our council?

Mr O'NEILL: Yes.

CHAIR: If you are aware of its position, has the Government responded to it?

Mr O'NEILL: Its position is our position; we jointly formed that position.

CHAIR: Will the Government propose an ecocertification program for New South Wales or offer support for such a program? I received a commitment from the then Minister, Sandra Nori, in 1999 for ecocertification. I would like the answer to make reference to the increasing tourist market, particularly from places like South Korea, which has a very high level of environmental awareness.

Mr MATT BROWN: We are looking at this issue. The tourism industry is facing a number of challenges, including environmental sustainability. The position I have put forward on numerous occasions is that tourism is probably one of the cleaner industries we have to generate jobs and investment in the State, probably more so than things like mining or forestry.

CHAIR: I appreciate that, but it does not mean that the industry itself should not commit to a level of regulation. For example, the Government has established a marine park in my home area and encouraged people to go there with the expectation of a quality experience because it is a marine park. Dive operators are subject to certain regulations, but certification for different activities attracts a certain type of tourist. When visiting the Great Barrier Reef Marine Park people quite happily pay a fee and get a bookmark in return.

Mr O'NEILL: A very good ecotourism accreditation scheme—Ecotourism Australia—has been set up by a not-for-profit organisation. There is no proposal for a Government-backed scheme because this scheme is already seen as a world leader. All the States and Territories and the Federal Government are interested in promoting that scheme internationally as an example of best practice developed here in Australia.

CHAIR: Minister, I am sure you are aware that the North Coast is the biggest tourist area outside the New South Wales metropolitan area and that it comes with its own issues and problems. Does the department recognise and support holiday letting as a valid form of tourism or is it seen as an unregulated use of dwelling houses and, therefore, places visitors at risk because insurance is not applicable for a non-prescribed use?

Mr MATT BROWN: People hold a range of views on holiday letting of private dwellings. Some regional councils in pristine areas support it and some do not. A range of views is also held in the city. Australian families have enjoyed the convenience and affordability of holiday letting for well over 100 years. About 50 per cent of domestic visit nights are spent in holiday homes and other non-commercial accommodation. Despite the important role this accommodation plays in the tourism industry, as I mentioned, concerns have been raised by certain groups. As has been mentioned, the mayor of Byron Bay has a position—

CHAIR: As I am sure you are aware, she is representing her community.

Mr MATT BROWN: I have no doubt that she is representing her community. However, she has one view and a number of other mayors have different views, and they, too, are representing their communities. A number of peak bodies also have different points of view about this issue. It has been claimed that without safeguards and high standards of service provided by legitimate accommodation establishments the safety of tourists staying in unregulated serviced apartments and neighbours will be at risk. Tourism NSW has not seen any evidence to advance that claim. Nonetheless, the situation is being monitored, given that it is an issue and that people have diverging views.

I have agreed to a request from the Minister for Planning for Tourism NSW to assist his department in developing a concise set of planning mechanisms for councils to use to manage short-term holiday letting in local environmental plans. That may include a definition of short-term holiday letting and/or suggested local environmental plan provisions. It is expected that these planning mechanisms will assist councils in considering the need for and impact of short-term lettings before proposing any specific provisions in upcoming local environmental plans.

CHAIR: Would you also concede that often the debate is a positive for those communities desperately needing tourism and a negative for those communities that are somewhat over-burdened by a massive number of tourists when the situation is unregulated? It becomes a problem. Both sides of the answer are correct, but in certain circumstances there are negatives.

Mr MATT BROWN: It is a challenge and we must find a way forward. I live in Kiama and I understand the huge impact of the tourist season on local communities. The population of the Shoalhaven area, which is south of Kiama, increases threefold over the summer. That places a huge demand on accommodation. I am aware of those concerns.

CHAIR: I appreciate that. Do you recognise the increased impact on infrastructure as a result of tourism, especially on local government areas, and how is the Government addressing that impact? Many local communities feel that they pay but the State Government and other individuals or businesses get the benefit.

Mr MATT BROWN: As I said, I live in a popular holiday seaside town.

The Hon. MELINDA PAVEY: The blowhole is there.

Mr MATT BROWN: The Hon. Melinda Pavey's geographic knowledge never ceases to amaze me. She is correct: the blowhole is at Kiama. The Iemma Government is spending record amounts on infrastructure across the State, and many of our coastal communities are benefiting. Our local communities also benefit from investment by tourism operators. They are required to pay section 94 contributions to councils, which are spent on local infrastructure. That investment provides more facilities and job opportunities for local people. There are challenges and opportunities in managing local infrastructure and in ensuring investment to generate jobs for communities to move forward.

CHAIR: I appreciate that you can acknowledge those issues. However, will the Government consider providing State funding to support stressed areas in recognition of the importance of tourism and its economic benefits?

Mr MATT BROWN: As I said, the Government is investing record amounts in infrastructure in all communities.

CHAIR: Are you saying there is specific State funding to support those communities overburdened by tourism?

Mr MATT BROWN: I am saying our massive investment in our roads, our public transport, our upgrades in our substations—

CHAIR: That just brings more tourism in.

Mr MATT BROWN: The Iemma Government is meeting its commitments in that regard. As far as the budget of Tourism NSW, we are predominantly there to market locations so we can attract more tourists to regional areas of New South Wales.

CHAIR: I appreciate you are talking about facilitating tourism, but I am talking about the cost. The Government gets huge benefit from the tourist industry throughout New South Wales, particularly in coastal areas and your home area, but I am talking about the cost to the community being borne by local councils and ratepayers. I can give you an example. Perhaps I can ask you—

Mr MATT BROWN: I am saying it is a benefit. I think I have answered.

CHAIR: Minister, to be quite specific, will the Government support, will you support, a tourism levy such as the Noosa model or some form of levy that can be applied to certain icon tourist areas to address the additional impact that tourism places on local infrastructure, recognising that there is an economic benefit to an area but that does not necessarily flow back to councils, to address those impacts?

The Hon. MELINDA PAVEY: Yes or no?

Mr MATT BROWN: The Government is a grassroots organisation—

The Hon. MELINDA PAVEY: The Government is grassroots?

Mr MATT BROWN: Our political party works from the grassroots up and we would not be proposing one unless it had the support of the local communities and regional tourism organisations. So we would be negotiating with them. We would not be heavy-handed.

CHAIR: If local government representatives requested such a levy, saying their infrastructure is overburdened by the influx of tourism—I know you know the figures up and down the coast and you are well aware of it in your home area—if there was a local call for that to assist them to run a very good tourist facility in all these coastal areas, would you support that?

Mr MATT BROWN: Not only are we a grassroots organisation but we are open and accountable and, of course, my door is always open to those community groups to come to me and present their proposal. If and when they do present their proposal, we will consider it on its merits.

The Hon. MELINDA PAVEY: So you are open to a levy, thank you.

CHAIR: Excuse me, you would consider a levy if it was supported by the local community?

[Interruption]

Everyone has an opportunity to ask questions. I would like to ask a question. I am respectfully putting it to you, Minister—

Mr MATT BROWN: I am trying to show you respect, Mr Chair.

CHAIR: I appreciate that. As you can imagine, I think this is a vital question for many areas impacted on by tourism.

The Hon. EDDIE OBEID: Why do you not ask: Will you stop tourism?

CHAIR: You are being so irrelevant.

Mr MATT BROWN: We are grassroots—

CHAIR: I have got that. I just want to know whether you would, if a local council—

Mr MATT BROWN: If the local tourism organisation supports a levy and it has a proposal, I will sit down and discuss it with it and assess it on its merits and form an opinion in that regard.

CHAIR: Will the Government support the development of a marine park tourism levy as per the Great Barrier Reef Marine Park—they already do it—to facilitate the ongoing protection, enhancement, monitoring and community education about the value of marine parks? I think we are agreed that the marine parks in New South Wales have certainly contributed to the quality of the tourist experience in New South Wales. Would you, in a similar way to the Great Barrier Reef Marine Park, look at having a levy?

The Hon. ROBERT BROWN: Point of order: You are misleading the Minister.

CHAIR: No, I am not. I am asking a direct question.

Mr MATT BROWN: I have an open-door policy. If there is a specific proposal that any community organisation wants to bring to me that will support tourism in the area, I will talk with them and form a view on the merits of the proposal.

CHAIR: You are not averse to the concept?

Mr MATT BROWN: I have an open-door policy. I will talk to representatives.

CHAIR: I am trying to understand. On the converse side you are not averse to that principle. Am I correct?

Mr MATT BROWN: It is difficult to talk hypothetically, but I am prepared to consider proposals on their merits when they are presented to me. I am wanting to increase tourist visitation to areas in this State. It is important for job generation; it is important for investment. If a local community thinks a levy will do that, I will look at the merits of the case when they come to me.

CHAIR: The local government tourism conference made a commitment to establish a working group. It appears this group has not been very active. Does the Government have a real commitment to working with local government on these tourism issues? Could you describe that in terms of your understanding of that working group?

Mr MATT BROWN: I am not aware of this working group you are talking about, but I am very mindful of the importance of local government in promoting the different aspects of our State. Most local governments have local tourism offices; a lot of them sit on our regional tourism boards and they play an invaluable part in promoting tourism predominantly in regional New South Wales. So, yes, I do think they are very important. Tourism NSW works with them. I make a point of meeting with as many as I can. I think there are many different organisations that can see the merits in tourism to generate jobs and an experience for visitors, and it would be madness not to talk with them.

CHAIR: Minister—

Mr MATT BROWN: I am sorry, there is a supplementary answer.

Mr O'NEILL: Three years ago we formed with the Local Government and Shires Associations the first-ever local government and tourism conference, which we continue to run on an annual basis and will do so again early next year. Out of that there is an agreement between the associations and Tourism NSW to work through a range of issues. As far as I am aware the Local Government and Shires Associations have been happy with the work we have been doing together, so that is certainly an active, ongoing partnership. If there are issues we are happy to hear about it, but they have certainly not raised those issues with us.

The Hon. MELINDA PAVEY: I would like to start with an Aboriginal question. I did have some questions about the "Breaking the Silence" report from the housing portfolio but now we are on tourism. I would like to say, Minister, you have abrogated a really good opportunity to give the people of New South Wales an understanding of what you know about the housing portfolio, and you denied the people of New South Wales that today by filibustering—

CHAIR: Order! Ms Pavey, it is frustrating for everybody. We all want to ask more questions, but please ask questions about the tourism portfolio.

The Hon. MELINDA PAVEY: What number budget is this that has reduced tourism spending? For how many years has this gone on in New South Wales?

Mr MATT BROWN: The question fails because—

The Hon. MELINDA PAVEY: It is the fifth consecutive budget in New South Wales where tourism spending has decreased.

Mr MATT BROWN: I thought I was meant to give the answers.

The Hon. MELINDA PAVEY: You did not understand the question so I was helping you along.

CHAIR: Order! I suggest the Minister should be given the opportunity to answer.

The Hon. MELINDA PAVEY: He did not understand.

Mr MATT BROWN: The reason I did not understand the question is that it was asked in a rhetorical way and based on an incorrect assessment.

CHAIR: You have the opportunity now, Minister, if you would.

Mr MATT BROWN: This year's budget is higher than last year's. The budget papers report \$55.9 million compared to the previous year of some \$52 million, so it is some \$3 million more; it is a \$3.4 million increase from the past financial year. It will continue to promote and support the development of the State's tourism destinations. You then add the Government's announcement, after the first aspect of the O'Neill review, and that is an increase of \$85 million over the next three years, so I am not too sure how you do your maths.

The Hon. EDDIE OBEID: She was never good at maths.

The Hon. MELINDA PAVEY: Not as good as you, Eddie.

The Hon. EDDIE OBEID: I can add up, that is one thing.

CHAIR: Order!

Mr MATT BROWN: It is a \$3.4 million increase. It was in my press release, it is in the budget papers and it is there for the world to see, and since that time the Government has committed an extra \$85 million to the Events Corporation.

The Hon. MELINDA PAVEY: Minister, are you aware what that spending means in per capita terms per citizen in New South Wales?

The Hon. LYNDA VOLTZ: I can tell you that it is more than the Federal Government is spending per capita.

Mr MATT BROWN: That is quite true.

The Hon. MELINDA PAVEY: It is about \$8.18.

Mr MATT BROWN: As a percentage of budget it is significantly higher than the Federal Government's investment in tourism.

The Hon. MELINDA PAVEY: Are you aware of what they spend in Victoria and in Queensland per head on tourism?

Mr MATT BROWN: I am aware of the budgets of other States.

The Hon. MELINDA PAVEY: It is \$12.33 in Victoria per person and in Queensland it is \$12.94 but in New South Wales it is \$8.18.

Mr MATT BROWN: I thought I was meant to be answering questions.

The Hon. MELINDA PAVEY: I am wondering why New South Wales has such a lack of commitment to tourism in comparative terms to Victoria and Queensland?

Mr MATT BROWN: It just goes to show why the Liberal Party and The Nationals should not be put in charge of coffers. The measure of tourism is not how much money is spent but how many people you bring in and how much money they spend in your jurisdiction. If you are giving a tick to other States—and I have read out the figures—we get 55 per cent of international visitors compared to Queensland at 32 per cent, and domestically we get 34 per cent whereas Queensland gets 24 per cent, would you not be saying, "Congratulations, Minister. Congratulations, Tourism New South Wales."

The Hon. MELINDA PAVEY: I am not here to congratulate you.

Mr MATT BROWN: "You are generating so much more money and jobs for New South Wales businesses and families." Is that not what you want, or do you want to tax them even higher and throw money around useless marketing campaigns?

The Hon. MELINDA PAVEY: Minister, are you aware that Sydney is the only Olympic city to go backwards in terms of visitation numbers? That is what the industry is telling us. Are you aware that we have gone backwards? In 2000, in the year of the Sydney Olympics, we had 33 million visitor nights. In 2006 that had fallen to 27 million people, so we are the only Olympic city to have gone backwards in terms of visitor nights. Does that concern you?

Mr MATT BROWN: As Tourism Minister, we want to increase visitation in the State; have more visitors stay longer and have more visitors spend more. If you look over the figures that I have presented to the Committee, we are achieving those goals. There have been some challenges since the Olympics such as September 11, SARS, a war and a whole host of other reasons that could be attributed to that but, nonetheless, we are punching way above our weight and we are getting record numbers of visitors in here, and not just from traditional markets but emerging markets such as China and India coming here in huge percentage terms, something that we all need to be talking up, promoting and encouraging.

That is the challenge. They are now coming to Sydney. We are doing very well there. The trick now is to get them out in the regions in that generally it is mostly our traditional markets, people from United Kingdom, the United States, Canada and New Zealand who venture further than Sydney rather than our emerging markets of China and India but, nonetheless, those markets are coming to our major city, the gateway to our country, and they are coming back.

The Hon. MELINDA PAVEY: Obviously, you have some trouble expressing your opinion to the Tourism Business Alliance. They have a different view to you. They have said that the tourism budget expenditure by the New South Wales Government is falling and that while the majority of States and Territories have increased their real tourism budget expenditure over the past eight years, the New South Wales Tourism budget expenditure has fallen by 11 per cent in real terms. That was from the Tourism Business Alliance report in 2007. Are they wrong or are you wrong?

Mr MATT BROWN: I have just stated to the Committee that our budget from the last year has increased by some \$3.4 million. Since that time the Premier has announced an extra \$85 million promoting events, events not just for Sydney but events right across New South Wales. I think it might be important to also put on the table that if industry had so little confidence in Tourism New South Wales, why are they providing money to the tune of \$4.5 million for joint marketing programs with our agency.

We have just released a whole new marketing campaign with Jetstar, some \$1.3 million and over \$500,000 in a marketing campaign with Virgin. This is money coming from Tourism New South Wales, from either Jetstar or Virgin, and from regional tourism organisations as well as specific operators right across New South Wales. I say to you, Madam, that we are getting a tick of approval from the private sector because they are wanting to join up with our marketing initiatives; they can see that there is momentum and they also see that you do not need to throw ridiculous amounts of money to get good results and, at the end of the day, I will be measuring my agency on how many tourists it can bring in here, how many dollars it can spend in the economy, how many nights they stay, rather than how much money they can spend. It is easy to write a cheque.

The Hon. MELINDA PAVEY: With the upcoming visit by LA Galaxy, will New South Wales taxpayers be paying any part of David and Victoria Beckham's appearance fee?

Mr MATT BROWN: This particular question would be better directed to the Minister responsible for major events, which is not part of my administration.

The Hon. MELINDA PAVEY: In relation to your executive director's position, I understand that the contract is up for renewal, is that right, or have you renewed it?

Mr MATT BROWN: I understand that it is not up for renewal. Therefore, I have not renewed it.

The Hon. MELINDA PAVEY: When is it up for renewal?

Mr MATT BROWN: In one more year.

The Hon. MELINDA PAVEY: So you will go through those normal performance indicator measures over the next 12 months?

Mr MATT BROWN: I will indeed.

The Hon. MELINDA PAVEY: In relation to the \$250,000 marketing program that resulted in a \$15 million benefit to regional New South Wales following the APEC Sydney visit—

Mr MATT BROWN: You are welcome.

The Hon. MELINDA PAVEY: I am welcome to do what?

Mr MATT BROWN: I thought you said thank you.

The Hon. MELINDA PAVEY: No, I did not say that. I am just saying that is an example of what you could have actually achieved if you had given more money over many years to regional tourism, is it not?

Mr MATT BROWN: It is not a bad rate of return, is it?

The Hon. MELINDA PAVEY: It is a very good rate of return, so what can we expect in terms of the budget next year for regional tourism spending? Will you be pushing for more regional tourism spending given the wonderful outcomes there?

Mr MATT BROWN: I will be pushing for more regional tourism.

The Hon. MELINDA PAVEY: Earlier Mr O'Neill mentioned the very successful Victorian Jigsaw campaign. Where are we at in terms of New South Wales regional tourism with our own jigsaw component within our own regions in developing a similar concept?

Mr MATT BROWN: We actually have a similar concept to the Victorian campaign where we are more than the sum of its parts and we do break the State up into its respective areas and market them accordingly. I am more than happy to show you our latest range of television advertisements that promote that. There are cross-marketing opportunities with other regions with similarity between those advertising campaigns.

Throughout 2006-07 Tourism New South Wales continued to market regional New South Wales under the brand "New South Wales: There's no place like it" campaign strategy. Since then Tourism New South Wales has invested more than \$13 million of government and industry funding promoting regional New South Wales under this strategy. The advertisement campaign zones around the State—the North Coast, South Coast, Snowy Mountains, heart of country, the Outback, Lord Howe Island and Sydney surrounds. These are also supported with their own holiday planner, containing a guide to the latest must see and do experiences, plus accommodation, attractions, activities and events in New South Wales. As you saw recently, we had the opportunity for operators to put their product free of charge on Visit NSW's website, which receives more than 200,000 hits.

Regional results for 2006-07, as shown in the There's No Place Like Regional Brand Campaign, are outstanding. We have had a more than 70 per cent increase in phone inquiries and a more than 50 per cent increase in holiday plan and mail order requests.

The Hon. MELINDA PAVEY: Where are the advertising and marketing dollars being spent for those campaigns? I think last year 50 per cent of the funding and marketing of New South Wales was taking place in New South Wales. Is that still the case?

Mr MATT BROWN: The bulk of our marketing domestically is in the markets either side of us, in Queensland or Victoria.

The Hon. MELINDA PAVEY: What is the bulk? What figure is that?

Mr MATT BROWN: It depends on the campaign you are talking about.

The Hon. MELINDA PAVEY: The campaign you were just explaining, the regional focus campaign.

Mr MATT BROWN: We have had the Virgin and the Jetstar. It depends what products we are promoting as to which market we will go into.

The Hon. MELINDA PAVEY: On average, where is the money being spent?

Mr MATT BROWN: Again, it depends on where we see market opportunities.

The Hon. MELINDA PAVEY: On average, I am asking.

Mr MATT BROWN: It is a hard question to answer: on average. I might ask my chief executive to see if he can better answer.

Mr O'NEILL: I could not give you an average figure, but what the Minister is alluding to is that if we advertise the North Coast we would tend to do that in regional New South Wales because the vast majority of overnight visitation happens intra-regionally, but we would also target the southeast Queensland market. With the South Coast, we would be more likely to target the Victorian

market as well as regional New South Wales. With Sydney, of course, we advertise predominantly in the interstate and international markets. Every dollar that is spent outside New South Wales by New South Welshman is leakage, so we certainly want to make sure that people in New South Wales are aware of the opportunities to holiday in New South Wales, as well as talk to people outside New South Wales who want to come here.

Mr MATT BROWN: We also have a significant marketing campaign internationally—

The Hon. MELINDA PAVEY: What percentage of the New South Wales tourism budget is spent on marketing, on advertising?

Mr MATT BROWN: The bulk of it.

The Hon. MELINDA PAVEY: I am asking what is the amount. You can take it on notice.

Mr MATT BROWN: I can give you a rough figure; I do not have it as a percentage.

The Hon. MELINDA PAVEY: Basically, the tourism budget would be broken down into administration, marketing and grants, is that right?

Mr MATT BROWN: Amongst a few other areas. But, yes, they are the main areas.

The Hon. MELINDA PAVEY: The budget papers do not show how much is spent on marketing. Perhaps you could take that on notice.

Mr MATT BROWN: We will take it on notice and provide that.

The Hon. MELINDA PAVEY: Minister, I understand you visited the Monaro region recently. It has been a 10-year project to try to get the Alpine Way certified as a tourism route and a road. How are plans going for that road, and can we expect an announcement of a marketing campaign in relation to the project soon? It is a difficult issue, because you have the Australian Capital Territory, Victoria and New South Wales coming together.

Mr MATT BROWN: There are also difficulties with regard to the safety of the road according to expert advice from the Roads and Traffic Authority and the National Parks and Wildlife Service. We are working with the operators who wish to market that down there. There is no immediate or short answer to that. It has a lot of merit; however, it also provides a number of challenges and we want to ensure that if people are travelling on our roads, which we are marketing, they are not going to fall foul or have an accident. I am very mindful of the safety of visitors in this State as well.

The Hon. CHARLIE LYNN: Hospitality is acknowledged as a vital part of the tourism industry. You would be aware that New South Wales has a significant shortfall in this sector, with a lack of qualified chefs and restaurant staff in the city and country areas. Do you have, or have you ever had, any business interests in the hospitality sector? If so, did you engage casual employees on Federal WorkChoices agreements?

Mr MATT BROWN: Mr Chair, I have had business interests in hospitality. I am the Minister for Tourism; I no longer have a business interest. I understand that budget estimates hearings are to address how we are managing the budget of our portfolio. I ask you to rule the question out of order.

CHAIR: I accept that you do not have any interests currently, and that is the relevant answer.

The Hon. CHARLIE LYNN: Did you ever engage casual employees on Federal workplace agreements?

The Hon. HELEN WESTWOOD: Point of order: That has nothing to do with the Committee's terms of reference.

CHAIR: I think the Minister has answered the question previously. If you could address to him questions regarding his portfolio.

The Hon. CHARLIE LYNN: Would you acknowledge that the Federal WorkChoices agreements are a positive initiative in employing people in the hospitality industry?

Mr MATT BROWN: Not really, no, I would not. The whole strength of our economy and a civilised society is to ensure that the many workers in hospitality—and we are talking about some fairly unskilled workers, people cleaning rooms and the like—deserve to be represented in a collective way. We certainly do not think that any Australian worker, let alone a New South Wales worker, should have to negotiate their conditions at work, as would be required under WorkChoices.

The Hon. MELINDA PAVEY: Minister, you spoke about the Condé Nast report. However, for the second year in a row Sydney has slipped in its ranking of world cities, according to a random survey of world travellers taken each year by the highly respected travel and leisure magazine. Have you looked into that report and tried to understand why Sydney has slipped in its ranking?

Mr MATT BROWN: Our challenge is to put Sydney's best foot forward. Everyone can play a role in doing that, and I will be working towards that end. Interestingly, Melbourne slipped from position 12 to position 20 in the United Kingdom Condé Nast survey.

The Hon. MELINDA PAVEY: What did Brisbane do?

Mr MATT BROWN: I do not think Brisbane even got a mention.

The Hon. MELINDA PAVEY: The Federal Government, through Tourism Australia, has recently promoted Australia as a destination, targeting Singaporean families. Are you working with the Federal Government on that?

Mr MATT BROWN: Yes.

The Hon. MELINDA PAVEY: How?

Mr MATT BROWN: This agency is one to work with as many partners as possible, in other jurisdictions as well as the private sector, to promote Australia as the destination to visit, and then, once people do decide to come here, to make sure we make the most of our position to get them to stay in Sydney or throughout the State. One way in which we have worked with them is through the development of Tourism Australia's latest website, which is a fantastic website.

I am very pleased that Tourism New South Wales was working so constructively with them. In fact we are the first jurisdiction to have our website interrelated with theirs. Our website has 18 different languages, more than any other State, and 15 interpretations; in other words, a number of languages put in a different way for different markets. I think that indicates one way in which we are working with the Federal Government. We want to always have a positive and constructive relationship with whichever government is in office, and I think I would be doing the taxpayers of this State a disservice by playing politics in this important role.

The Hon. MELINDA PAVEY: An international visitors survey released by Tourism Research last year showed that only 11 per cent of tourism expenditure occurs in regional New South Wales. What would you like to see that expenditure at? What is your vision?

Mr MATT BROWN: Under the State Plan our vision is to increase the number of nights to 10 million extra visitor nights by the year 2016.

The Hon. MELINDA PAVEY: In regional New South Wales?

Mr MATT BROWN: In New South Wales.

The Hon. MELINDA PAVEY: How many for regional New South Wales?

Mr MATT BROWN: And, of course, with that we will want to be encouraging as many people to enjoy regional New South Wales as we can. We will not rest on our laurels. We will continually market our regions and promote people to go into our regions through a whole variety of innovative ways and looking at new experiences. Last week I was in Lismore and we launched a new website for the Bundjalung Aboriginal community up there. Again we see promoting indigenous tourism experiences as a way of increasing tourist experiences for visitors. Many overseas visitors, particularly Germans, are very interested in having an indigenous experience and in this State we are leading the country. We will keep working and find innovative ways to promote different regions, generate more jobs and secure the State. As the Premier says, we are open for business.

The Hon. CHARLIE LYNN: Minister, does New South Wales have any plans to attract visitors from Melanesia to the State?

Mr MATT BROWN: We do not have an office in Melanesia.

The Hon. CHARLIE LYNN: Given that there are about seven or eight million people there and they are our closest neighbours, have we ever had any initiatives to attract people from Melanesia to visit New South Wales?

Mr MATT BROWN: We mainly put our resources in two international markets where we see a big growth. The rest of the world we leave for Tourism Australia to promote the country as a whole and then we try to get them to stay in Sydney and New South Wales. [*Time expired.*]

CHAIR: Ms Voltz.

The Hon. LYNDA VOLTZ: Minister, you were asked questions by the Hon. Charlie Lynn with respect to WorkChoices. I want to take a different angle. I understand that New South Wales has seven million annual leave days stockpiled by workers. Across Australia there are 20 million annual leave days stockpiled by workers, and across Australia there is a downturn in domestic tourism. Why are people stockpiling their annual leave, which is having an effect on domestic markets? Do you think this has anything to do with their worries about WorkChoices?

Mr MATT BROWN: I think this has a lot to do with two things: first is WorkChoices and, second, interest rates. When you make a working population insecure, people will stop going on holidays and that means there will be less investment in our areas and fewer jobs. By attacking working conditions you actually have a negative effect on business. I inform the Committee that Tourism New South Wales does note the trend of Australian workers to stockpile their leave, which has the potential to reverse a positive trend. We are trying to get people to take their holidays. If you look at the statistics, they are quite phenomenal.

If Australians used 20 per cent of their accrued annual leave on interstate holidays, we would see an extra 14 million leisure nights—an increase of 14 per cent. That is an investment of some \$2 billion of leisure expenditure, an increase of 12.5 per cent. Australian employees have a stockpile of 70 million days in annual leave—AC Neilson measured that—or 14 weeks, which is equal to around \$11 billion in unpaid wages. It is very significant and has a detrimental effect on tourism. I am advised that more than 60 per cent of full-time workers in Australia do not use their annual leave entitlement in full each year and more than one-third of full-time workers do not take any annual leave each year at all.

In a land abundant with holiday attractions and destinations that many other countries could only dream about, it appears as though Australians are increasingly clinging to their workplace and neglecting the great Aussie tradition of taking a well-earned break. I am advised that following research, which looked at the reasons why people accrue leave, around 40 per cent of respondents cited workplace issues as their most significant barriers but less than 25 per cent accrued leave due to personal issues.

I have also been advised that almost half indicated that increased workload before and after leave actually made the holiday less than worthwhile. This is another issue coming back to WorkChoices. They have extra work to do to get away, extra work to do when they come back; therefore, they do not think it is worthwhile taking a holiday, particularly working through the email

build-up on return from leave. Fitting travel and holiday plans around a partner or travel companion was seen as a barrier for some other respondents as well.

New South Wales Government employees make up some 10 per cent of the State's workforce. In December last year the former Minister for Tourism urged each of the State's more than 350,000 employees to use their banked leave to get out in the State. I certainly would be encouraging people to do that too. We have some terrific destinations and deals on our website visitsw.com.

The Hon. LYNDA VOLTZ: I note the campaign in Singapore and the downturn in travel that followed on from September 11 and SARS. Correct me if I am wrong, but it is the Federal Government that has primary responsibility for overseas tourism of Australia as a destination. There were two campaigns, a \$5 million one that was scrapped by that Tourism Australia and the Where the Bloody Hell Are You campaign, which I do not believe was received well in places like Japan and I suspect it will not be received well in Singapore. Is this the campaign that we are going out to the market with at the moment or is the Federal Government actually doing a new campaign, and is it working with Tourism New South Wales to identify our key markets and where campaigns will actually work?

Mr MATT BROWN: We would have appreciated greater dialogue with the Federal tourism agency. We probably could have given them some advice on some of those campaigns that they did run, but it is about trying to establish a rapport with them on those campaigns. I have a little bit more to add but maybe Mr O'Neill has a comment to make.

Mr O'NEILL: The Where the Bloody Hell Are You campaign continues to be the Federal Government Tourism Australia's marketing campaign and that framework continues to be the one they operate within.

Mr MATT BROWN: As far as our advertising campaigns, which I can speak about, if we were to work off one of those campaigns—although we have not worked off that one—it is how we can market to people to come to New South Wales. We are working hard to spread the tourism dollar mainly across regional communities. Since 2004 we have invested nearly \$27 million of government and industry funds to promote the State through its Sydney and regional brand campaigns. These are campaigns that do work because they are about specific places using specific icons and giving the target audience a sense of excitement and pizzazz should they visit New South Wales.

When it comes to promoting Sydney, Tourism New South Wales is continually building on the city's position as Australia's number one holiday destination and as the only global city in Australia. In 2004 a new brand of campaign was developed for Sydney and we spent quite a bit of money in promoting that. The tagline is "There's no place in the world like Sydney". The campaign builds awareness of Sydney's vibrancy, diversity and appeal as a city as a whole; not just the iconic images but to the other precincts in the city by making sure that we do use our icons because they are so well-recognised throughout the world, things that Tourism Australia do not do.

Tourism New South Wales has recently launched two comprehensive campaigns to attract both domestic and overseas visitors over the summer months and well into next year. I have just recently launched our new domestic brand: "Sydney: City of Celebrations". I did so at Cafe Sydney and the launch attracted more than 200 tourism industry representatives. Part of our marketing campaign has just gone interstate with 1.4 million people receiving a brochure promoting Sydney—"Not just a city, it's a city of celebration". It has been a well-researched and targeted campaign that is designed to encourage leisure visitors to Sydney from October through to March next year. A key to the \$1.3 million campaign is the fantastic calendar of 40 top events taking place in Sydney over the period. Make sure you get your tickets to *Billy Elliott The Musical*. It is interesting to note that after England we are the first city that *Billy Elliott* is coming to.

The Hon. MELINDA PAVEY: Is Elton coming?

Mr MATT BROWN: He might be. We have the Sydney to Hobart yacht race, the MFS Australian Open golf, New Year's Eve celebrations, international Test and one-day cricket matches, the Sydney Festival, the Medibank International Tennis, the Chinese New Year festival and the Mardi Gras, just to name a few. This will be of interest to the Hon. Melinda Pavey about where we are

spending the money. The new "Sydney: City of Celebrations" campaign includes a new television commercial to screen in the Brisbane and Melbourne metropolitan area, as well as regional New South Wales, a new Sydney official guide which is published in English, Chinese and Japanese is handed out to visitors each year—one million copies in total—and the first Brand Sydney business visitor guide is produced in conjunction with the Sydney Convention Visitors Bureau for more than 100 upcoming business events.

We also have a number of ambassadors: the main dancer in *Billy Elliott*, either Will or Toby from Will and Toby's bar—I am not sure which one, I think Toby—the Zimmerman sisters and the organiser of the Sydney Festival. Those high-profile Sydneyites are out there promoting Sydney. This campaign is a strong push for visitors from regional New South Wales, the Australian Capital Territory, south-east Queensland, Brisbane and Melbourne. These markets have been identified as having the greatest number of people in our target audience and are the most likely to come and visit this great city.

The Tourism New South Wales "Sydney: City of Celebrations" campaign will be completed by the "Summer in Sydney" international campaign to promote Sydney and the Sydney Festival throughout the United Kingdom and Ireland. It is positioned to the consumer as capturing the spirit of summer in Sydney. The campaign was launched in the United Kingdom and the Irish Republic on 15 September and will run to the end of the Sydney Festival in January next year. An amount of \$570,000 is going towards that international campaign in the United Kingdom and Ireland. I will say a bit about the Sydney Festival. It attracts 1.5 million Australians. We look forward to greeting even more people from the United Kingdom and Ireland this year.

Our online and print campaign includes a 44-page Sydney Festival guide in the *Times* on Saturday, which goes to about 330,000 households over the other side of the world, as well as a giveaway of 10 trips to the festival. We are looking forward to doing a lot of international marketing in that regard. We will continue to market regional New South Wales under the banner "New South Wales—there's no place like it". We remain committed to this highly successful regional branding. To support this campaign, each of our zones will have its own holiday planner containing a guide to the latest "must see and do" experiences.

CHAIR: That concludes the time for questions we have available for the portfolio of Tourism. I thank you, Minister, and your staff for your attendance and attention to the matters in your portfolio. I remind you about the 21 days for further answers.

Mr MATT BROWN: Yes. I thank honourable members for their questions.

The Committee proceeded to deliberate.
