

GENERAL PURPOSE STANDING COMMITTEE No. 1

Tuesday 20 September 2005

Examination of proposed expenditure for the portfolio areas

PREMIER, TREASURY, CITIZENSHIP

The Committee met at 5.30 p.m.

MEMBERS

Reverend the Hon. Dr G. K. M. Moyes (Chair)

The Hon. A. R. Fazio
The Hon. M. J. Pavey
The Hon. G. S. Pearce

The Hon. P. T. Primrose
Ms L. Rhiannon
The Hon. I. W. West

PRESENT

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

Premier's Department
Dr C. Gellatly, *Director General*

Cabinet Office
Mr R. Wilkins, *Director General*

NSW Treasury
Mr J. Pierce, *Secretary*

CHAIR: I welcome everybody to this public hearing of General Purpose Standing Committee No. 1. I thank the Premier and departmental officers for attending this afternoon. At this meeting the Committee will examine the proposed expenditure for the portfolio areas of Premier, Treasury, and Citizenship.

Before questions commence we must deal with some procedural matters. I point out that, in accordance with the Legislative Council's guidelines for the broadcast of proceedings, only members of the Committee and witnesses may be filmed or recorded. People in the public gallery should not be the primary focus of any filming or photographs. In reporting the proceedings of this Committee you must take responsibility for what you publish and what interpretation you place on anything that is said before the Committee. There is no provision for members to refer directly to their own staff while at the table. Members and staff are advised that any messages should be delivered through the Chamber Support Officer on duty or the Committee Clerks. I ask everybody to turn off their mobile telephones, not just turn them to silent. Mobile telephones that ring even while on silent interfere with Hansard's hearing of what is said. We will ask questions according to a time schedule that we have agreed upon, and I will make sure that that is followed. In the event of a division while the House is sitting, we will continue to question departmental officers during the Premier's absence.

I declare the proposed expenditure open for examination. Premier, do you wish to start with a brief statement?

Mr MORRIS IEMMA: Mr Chair, I would like to advise the Committee of the manner in which I will be handling issues relating to the Treasury portfolio vis-à-vis matters that are the responsibility of the Minister for Finance. I will obviously answer questions in relation to the Premier's portfolio. I have brought with me the Director-General, Dr Col Gellatly, from the Premier's Department and Mr Roger Wilkins from the Cabinet Office. In relation to Treasury issues, I will answer questions relating to the Office of Financial Management, and the Secretary of NSW Treasury, John Pierce, is in attendance to provide advice. Matters to do with the Office of State Revenue will be handled by the Minister for Finance, who will appear at an estimates hearing tomorrow. The Chief Commissioner of State Revenue will not attend this hearing but will attend the estimates hearing tomorrow with the Minister for Finance. Specifically in relation to State taxation, I will address tax policy questions but not tax administration issues.

CHAIR: I remember, Premier, that when you were Minister for Health you were adept at flick passing questions to your departmental staff. But now that you are Premier it is very difficult to do that. Pope Benedict XVI woke one morning, thought about a problem and said, "I must ask the Pope about that tomorrow". But then he realised, "Oh, I am the Pope!" That is the attitude we expect from the Premier.

Mr MORRIS IEMMA: I will answer questions about tax policy. Questions about tax administration should be directed to Michael Costa.

CHAIR: Are there any Government questions?

The Hon. PETER PRIMROSE: No, not at this stage.

CHAIR: Are there any Opposition questions?

The Hon. GREG PEARCE: Mr Pierce, how much is the projected budget deficit that you are working to at the moment?

Mr PIERCE: We have not published a projected budget deficit. The budget result that we have is the result that we published in the budget. Since that time the vendor duty has been abolished and we will be putting together a projection for the current year's budget result at the time we prepare the mid-year review.

The Hon. GREG PEARCE: So you are not going to prepare a projection until December.

Mr PIERCE: We obviously monitor things during the course of the year.

The Hon. GREG PEARCE: What does your monitoring show the projected budget deficit to be for this year?

Mr PIERCE: Other than the adjustments associated with vendor duty, there is no change in the result at the moment.

The Hon. GREG PEARCE: What is that figure?

Mr PIERCE: The result was \$303 million. The net effect of the vendor duty abolition is somewhere in the order of—

The Hon. GREG PEARCE: I think it is \$358 million, is it not?

Mr PIERCE: No, the actual budget result was \$303 million. The net effect of the abolition of vendor duty is in the order of \$180 million. So take one number from the other.

The Hon. GREG PEARCE: What does that mean as a figure?

Mr PIERCE: I do not have it in my head. I am sure you can take \$180 million from \$303 million and you will still end up with a surplus.

The Hon. GREG PEARCE: So you are still saying it is a surplus.

Mr PIERCE: As far as we know at the moment. But the point is that, like any budget in any year, there are risks on both sides of the budget. When the surplus gets relatively small—

The Hon. GREG PEARCE: Fine. You are still projecting a surplus of \$123 million. Mr Premier, do you agree that the budget will be in surplus to the extent of \$123 million?

Mr MORRIS IEMMA: The Secretary of the Treasury has outlined the projection. The Finance Minister and I have indicated that the budget is under pressure—that is a statement we have made—and the half-yearly statement will be no different this year from previous years. The practice is established that the half-yearly statement will be published in December, as the Secretary of the Treasury has indicated.

The Hon. GREG PEARCE: So you are going to let the State drift, knowing that it is in deficit, and you are not going to publish any figures or say what is happening until December, when you publish the mid-year review.

Mr MORRIS IEMMA: The budget is handed down in May and a half-yearly statement is produced in December, and subsequent—

The Hon. GREG PEARCE: So you have no idea what is happening in the State.

The Hon. PETER PRIMROSE: Point of order: Mr Chairman, you began the hearing by making an erudite statement about the Premier being expected to answer questions. The Premier has been asked a question. I ask that you direct the Hon. Greg Pearce to allow the Premier to answer the question. He is entitled to answer the question that was put to him.

The Hon. GREG PEARCE: So he needs you to defend him, does he?

The Hon. PETER PRIMROSE: The Premier needs to be given the opportunity to answer the question.

CHAIR: The point is taken.

The Hon. GREG PEARCE: The Premier is leaving the State budget up in the air, with a big question mark over it, the Treasury head is saying we are still in surplus, and his Finance Minister says we are in deficit. What is going on? How is business expected to plan?

Mr MORRIS IEMMA: A half yearly statement will be produced in December, as it always has been, and there is no change to that. We do not undertake a daily revision of the budget.

The Hon. MELINDA PAVEY: What about a tri-monthly one?

Mr MORRIS IEMMA: This year will be no different to every other year: the half-yearly statements will be produced in December. As you are also aware, we have announced an audit of the State's finances to look for areas where there is duplication and inefficiency to drive greater value for taxpayers to provide greater efficiencies. The audit is being conducted, the half-yearly statements will be produced. We do not provide a running daily commentary on the budget.

The Hon. GREG PEARCE: You do not provide a monthly one either, do you?

Mr MORRIS IEMMA: There is no difference to the practices established at any other time.

The Hon. GREG PEARCE: What about your obligation under the Public Finance and Audit Act to publish monthly figures? You have not done that since May.

Mr MORRIS IEMMA: A series of public reporting requirements is laid down in the Public Finance and Audit Act. Section 8 of that Act specifies the publication of monthly reports on the State accounts, and the publication of those monthly reports occur under section 8. A major public update on the financial position is the half-yearly review, which is produced in December.

The Hon. GREG PEARCE: Do you know what month it is? It is September.

Mr MORRIS IEMMA: Monthly reports, half-yearly reports and a report on the State's finances are all published on the Treasury web site.

CHAIR: Allow the Premier to answer the question.

Mr MORRIS IEMMA: This is the consistent practice of this Government and one established by the Greiner-Fahey governments, and we have continued that.

The Hon. GREG PEARCE: I will ask you again. Do you know what month it is? It is September. Do you know when you last published your monthly reports?

The Hon. Amanda Fazio: Point of order:

Mr MORRIS IEMMA: Treasury prepares reports on the first—

The Hon. Amanda Fazio: My point of order is—and I am reluctant to interrupt the Premier when he is answering a question—that the Hon. Greg Pearce is being rude and insulting and is wasting the time of this committee. I am sure other honourable members have questions to ask, without having to listen to him being rude to the Premier and continually interrupting the answers so we cannot hear him.

CHAIR: There is no point of order. I will be sure to give him time to answer.

Mr MORRIS IEMMA: In addition to that information, Mr Pierce can add further to it but the requirements under the Public Finance and Audit Act are there. These are consistent with past practices and there is no change.

The Hon. GREG PEARCE: How do you explain to me the fact that you are supposed to do it on a monthly basis and the last report was May?

Mr MORRIS IEMMA: They can be delayed for other reports. In that there is no change to past practice. Mr Pierce can provide additional detail on that.

Mr PIERCE: The—

The Hon. GREG PEARCE: I think you have answered, and made the point that you do not really have an answer. In relation to the budget, are you going to borrow to fund the GGS operating expenditure?

Mr PIERCE: I would like to clarify a point that was raised earlier. The Act also says that the Treasurer may delay the release of those monthly statements if at or near the time—

The Hon. GREG PEARCE: Yes, but he did not know that. He did not know that. He did not know that in his answer.

CHAIR: Thank you, you have said that three times and Hansard reported it every time.

Mr PIERCE: The delay in May is because we were releasing the budget at that time. The next report we are producing is the State accounts that record what actually happened in 2004-05. That comes out in October and, as in past years, at the time that report is released the monthly reports for the first couple of months of this financial year will be released. Then I would expect, as has been indicated in previous years, that from that point until we get into the next budget cycle those monthly reports will go on the web site by the end of the following month.

The Hon. MELINDA PAVEY: Which month will that be?

Mr PIERCE: We have to get the State accounts to the Auditor by the 30 September. They are normally released by the end of October, so from that point at the end of October we will get year-to-date numbers. We will release both the back months, and also go forward from that point.

The Hon. MELINDA PAVEY: So for the first four months of the Premier's reign in New South Wales we will not have any financial accountability?

Mr PIERCE: I am sorry, I do not understand the question.

The Hon. MELINDA PAVEY: By way of monthly statements, we will not have any true indication of how the State is faring until October?

The Hon. GREG PEARCE: And even then it is not going to be true because they are not going to update it until December. They are just going to put out whatever their projections were from last year.

Mr PIERCE: Which is our normal reporting requirements laid down by the Act.

The Hon. GREG PEARCE: Are you just going to let the State drift?

Mr MORRIS IEMMA: The normal reporting requirements as laid down by the Act. There will be no variation.

The Hon. MELINDA PAVEY: There is nothing normal about these reporting requirements.

Mr MORRIS IEMMA: A half-yearly statement will be produced in December, as has been the practice, consistent, for many years.

The Hon. GREG PEARCE: The question I asked earlier was: Are you borrowing to fund GGS operating expenditure?

Mr MORRIS IEMMA: I will take that question on notice.

The Hon. GREG PEARCE: Is the public trading enterprise sector borrowing to fund operating expenditure?

Mr MORRIS IEMMA: I will take that question on notice.

The Hon. GREG PEARCE: I will ask one that might be a bit easier for you. Are you going to sell or lease government assets to fund operating expenditure at any time in the next two years?

Mr MORRIS IEMMA: We are undertaking an audit of the State's finances, as I have announced. We will be looking at opportunities for savings and efficiencies in that.

The Hon. GREG PEARCE: How much are you paying Dr Vertigan and Nigel Stokes to conduct the audit?

Mr MORRIS IEMMA: The payments will be in accordance with the rules set down.

The Hon. MELINDA PAVEY: You do not know?

The Hon. GREG PEARCE: How much are the payments?

Mr MORRIS IEMMA: I will take the specific question on notice, but the payments are in accordance with government practice.

Ms LEE RHIANNON: Tomorrow you have been in the job for 50 days. As far as I am aware, in all that time you have not made any announcement about the environment. Would you outline your environmental priorities for New South Wales? Is your silence on any environmental matters for the past 50 days an indication that the environment has been downgraded under your leadership? In answering that question, could you outline your environmental priorities and what level of budgetary support those initiatives will attract?

Mr MORRIS IEMMA: There is no downgrading of interest in the environment. Indeed, I was at Rouse Hill, in terms of sustainability, announcing the next stage of the biggest water recycling project in Australia, a residential one. Shortly we will be going to Port Kembla to also preside over the largest industrial recycling water project. Indeed, I have been asked by members of the Opposition to reverse a decision taken by the former Premier in relation to river red gum forest in Deniliquin, where the Government purchased a private property that was put up for sale to protect some 17,000 hectares of river red gum forest. As I indicated in Parliament last Wednesday, I think it was, I would not over-rule that decision taken by former Premier Carr.

So, in relation to that and some other projects that I have just outlined, there is no downgrading of commitment to the environment. The greenhouse abatement scheme, as I have indicated, will continue. That has attracted some criticism, which I responded to last week. So there is no downgrading of interest in the environment. That is my position.

Ms LEE RHIANNON: Considering you have worked hard to differentiate yourself from the previous Government, and that the announcements that you have just mentioned were largely a flow-on from the previous Premier, what are your own vision and ideas for the environment?

Mr MORRIS IEMMA: That is a commitment to continue. My vision is to continue those very good policies, and they are funded in this budget. I am not taking an approach that throws those out the door. I was asked in Parliament specifically to throw one of them out, and I said no.

Ms LEE RHIANNON: You have talked about water recycling, and that is very welcome. Do you still stand by your commitment to build a desalination plant, drought or no drought?

Mr MORRIS IEMMA: Yes—which I had something say about in Parliament today

Ms LEE RHIANNON: That will knock out any advantage that we might be gaining in other areas on greenhouse gas abatement because, as you know, such plans are very energy thirsty. How do you justify that?

Mr MORRIS IEMMA: As you are also aware, the decision by the Government also involved greenhouse offsets as far as that project is concerned, as well as a commitment to use the best available technology.

Ms LEE RHIANNON: What are those offsets?

Mr MORRIS IEMMA: We will be announcing the details of those as we make the announcement on the project later this year.

Ms LEE RHIANNON: So you have not actually got them worked out yet?

Mr MORRIS IEMMA: We are working through this issue. I announced today that the environmental impact statement will be done and that it will be released towards the end of this year. We have announced the short list today, and the further detail of this project, including the size of it, will be announced as we work through it.

Ms LEE RHIANNON: In the remarks you just made you give a strong commitment to continuing past policies. As your predecessor, Mr Carr, made his name from creating over 100 national parks, will you continue this tradition and give protection to south-east forests which missed out so badly when the regional forest agreement was negotiated?

Mr MORRIS IEMMA: I will work through those issues carefully. I am not going to be making such decisions on the run in response to questions asked at this Committee hearing. I have made the point that there will not be any lack of interest in or any downgrading of the environment during my term as Premier. I repeat that statement.

CHAIR: Premier, I note that the funding in 2005-06 for your department will increase by a third of last year's total funding, equivalent to \$35.4 million in extra funding for your department. That is already equivalent to the total budgeted funding for the entire Legislature. How can you justify that additional funding?

Mr MORRIS IEMMA: Dr Gellatly can provide you with some information on that.

Dr GELLATLY: It is made up of various components.

CHAIR: I do understand how it is made up, Mr Gellatly. My question is: How can you justify such resource funding in one department, which already receives more than the entire Legislature?

Dr GELLATLY: Because the budget has included additional funding. There has been a transfer of staff from all ministerial offices into the Premier's Department.

CHAIR: So that is a centralisation process?

Dr GELLATLY: Yes. That has meant transfer of 130 staff, so the employee-related budget has gone up. In terms of other grants and subsidies, there has been an amount of \$4.3 million for the Aboriginal Trust Fund repayment scheme. The scheme that was previously in the Department of Community Services has been transferred into the Premier's Department. There is another \$3.3 million for the National Equine and Livestock Centre at Tamworth, which is a commitment the Government made in terms of a grant. If you add those sorts of figures up, that gives the increase from last year to 2005-06.

CHAIR: Dr Gellatly, how many staff members are employed in the Premier's Department as media advisers and how many as speech writers?

Dr GELLATLY: There are none in the Premier's Department as such.

CHAIR: They are where?

Dr GELLATLY: There would be people in those types of positions in ministerial offices.

CHAIR: But none in the Premier's Department?

Dr GELLATLY: No.

CHAIR: No media advisers?

Dr GELLATLY: No.

CHAIR: And no speech writers?

Dr GELLATLY: That is right.

The Hon. PETER PRIMROSE: Premier, could you advise the Committee of the Government's preparedness for a possible terrorist attack in New South Wales?

Mr MORRIS IEMMA: I thank the honourable member for his question. Terrorism has dominated thinking and policy making in every government and law enforcement agency since September 11, and especially in this country since the horrific events in Bali. It is a matter that the Government has taken very seriously. I might outline some of our responses. We have established a State Counter-terrorism Co-ordination Command unit, and we have set up the Cabinet Committee on Counter-terrorism, which I chair.

In relation to funding, in May this year the Government announced that in 2005-06 we would invest \$187 million in counter-terrorism measures, an increase of \$40 million on spending for 2004-05. In relation to our legislative response, we have anti-terrorist laws which we believe are the strongest of any State. The Government, in doing that, has given police substantial new powers to deal with terrorist acts. The principal additional power is the Terrorism (Police Powers) Act, which was passed in 2002, giving police special powers to stop and search when the police commissioner believes that a terrorist threat will occur in the near future or when a terrorist attack has occurred. That gives police powers also to tow away vehicles, to direct people not to interfere with objects, and to direct people who may be contaminated by chemical, biological or radiological agents to quarantine.

An additional piece of legislation, which was passed this year, the Terrorism Legislation Amendment (Warrants) Act, allows police to search a house in a terrorist-related situation with a covert search warrant, without notice, and allows listening devices to be obtained for terrorism offences to be operative for up to three months, and that is up from three weeks for other crimes. The Freedom of Information Amendment Act of 2004 prevents the release of New South Wales documents that could facilitate a terrorist act. In addition to that, the Crimes Legislation Amendment (Terrorism) Act of 2004 increases the maximum penalties for making or possessing explosives. Further, the Crimes (Administration of Sentences) Amendment (Category AA Inmates) Regulation creates a new classification for inmates who represent a risk to national security. These inmates are housed only in the highest security facilities and have limited contact visits.

The Government has also established the New South Wales Critical Infrastructures Security Committee to address priority areas, such as transport, energy and communications infrastructure, to assess risks and upgrade security. This work involves working with operators to assess risks and encourage and assist infrastructure operators to upgrade their security, their emergency management and business continuity plans. The Commissioner for Police has directed each local area command to regularly patrol the critical infrastructure in their commands. In December the Cabinet Committee approved the New South Wales critical infrastructure protection management framework, and this outlines the roles and responsibilities of New South Wales government agencies and critical infrastructure owners and operators, and provides for implementation through the establishment of security committees at a number of levels appropriate to the security needs of the infrastructure. That was launched in February.

NSW Police has invested an additional \$14 million on counter-terrorism related equipment for policing, including Polair 5, for a \$4.5 million fast response helicopter; two bomb disposal robots, at \$300,000 each, which are capable of climbing stairs and navigating aircraft or train aisles; a larger bomb disposal robot vehicle, at \$600,000, which can drag a car or small truck; a \$1.2 million bomb containment vessel, to be delivered this month, which will allow unexploded bombs to be removed to remote areas where they can be defused or safely exploded; a Bearcat armoured rescue vehicle; personal equipment for tactical assault groups; scientific equipment for detecting and assessing chemical or biological weapons; and a new forensic biologist and chemist. In November the

Government announced \$27 million in funding for the police marine area command fleet replacement program.

NSW Health has a five-year, \$17 million plan to upgrade the capacity of the health system to respond to disasters and the threat of terrorist attack. In addition, NSW Emergency Services and NSW Fire Brigades are investing an additional \$8 million on counter-terrorism measures. This includes \$3 million for 350 gas suits, hydraulic rescue equipment, and a breathing apparatus/Hazmat centre at a cost of \$1.8 million; 60 automated external defibrillators, at \$160,000; 80 emergency medical treatment packs, at \$112,000; 12 thermal imaging cameras, at \$276,000; and 360 breathing apparatus sets, 670 breathing apparatus cylinders and 2 air compressors, at a cost of \$640,000.

In April 2004 a new urban search and rescue semitrailer, costing \$500,000, was installed in Sydney, and urban search and rescue capabilities were established in Newcastle and Wollongong. In addition, \$4.8 million, over four years, has been allocated to install Rescue Rapid Intervention Kits on all Fire Brigade primary response vehicles. Other counter-terrorism enhancements include: \$130,000 for thermal imaging cameras; \$400,000 for decontamination trailers and units; \$150,000 for area monitoring equipment; \$420,000 for a mobile scientific analysis laboratory, so that we know what hazardous gases or materials are being dealt with; new civilian decontamination trailers; new concrete cutting and heavy lifting equipment; and \$100,000 for an urban search and rescue reconnaissance vehicle equipped with fibre-optic search cameras and devices to detect sound through rubble.

As part of an ongoing program to place intermediate Hazmat vans in regional New South Wales, new vans were installed at Coffs Harbour, Batemans Bay, Wagga Wagga, Dubbo and Lithgow. These vans will provide early intervention and containment of hazardous materials incidents and provide detection and chemical information to assist in managing such incidents. As part of the program, all NSW Fire Brigade stations are being provided with gas detectors to help firefighters rapidly assess atmospheric risks.

The Sydney Opera House Trust Act was amended to create new offences in order to better protect the Opera House. Trespass on the Opera House with intent to cause damage or to commit criminal offences, or to seriously disrupt the operations of the Opera House, now incurs a maximum penalty of seven years imprisonment. To intentionally or recklessly damage the Opera House now incurs a maximum penalty of five years imprisonment. Also, in November last year, the Sydney Opera House by-law was amended to enable the Opera House to implement measures such as requiring people to walk through a metal detector, checking bags, requiring patrons to put bags in cloakrooms, and searching delivery vans.

Since 2003 the Government has allocated a total of \$13.6 million to upgrade security at the Opera House. Those measures include: increased security staff; installation of new bollards and tougher restrictions on vehicle access; increased and digitised surveillance equipment; increased security lighting; a new high-technology security locking system; upgrading the security control room; and improved security at the stage door entrance. In relation to utilities protection, that involves protection of the drinking water supply, with a \$15 million plan to do that. Sydney Water is streamlining and co-ordinating security arrangements at some 334 sites. This will involve security guard and patrol services, alarm response services, and specialist surveillance and plain clothes security services.

In relation to Transport, a number of measures have been taken, including regular anti-terrorist exercises—including six exercises in the past year at major railway stations—which have involved some 700 emergency services personnel simulating different scenarios. These are just some of the measures we have taken to better protect the citizens of New South Wales.

CHAIR: Thank you, that is a very comprehensive answer.

The Hon. GREG PEARCE: The fact that you are so on top of such an important area and the detail, down to the emergency packs and the gas detectors, is very comforting. But could you tell us again whether you know if the budget is in deficit?

Mr MORRIS IEMMA: I have already answered that question.

The Hon. GREG PEARCE: What was your answer?

Mr MORRIS IEMMA: I already indicated, as I have in the past, that there are pressures on the budget and we are undertaking an audit, as we do as part of our normal operations, to look for areas of efficiencies and savings to reduce areas of duplication—a determined search to look for areas in which we can improve efficiency and provide value to taxpayers.

The Hon. MELINDA PAVEY: I understand that the pay claim by the Teachers Federation, which you will negotiate over the next couple of weeks, is in the vicinity of an additional \$600 million to the State budget. What is your budget forecast for that claim?

Mr MORRIS IEMMA: We have commenced negotiations with the Teachers Federation, and those negotiations will continue. The current award with the teachers expires at the end of the year. Those negotiations have commenced and they will continue.

The Hon. MELINDA PAVEY: In the best case scenario outlined by the Hon. Greg Pearce the very best we can do is to hope for a \$123 million surplus. But you will not put your name to that. You will not guarantee that. The teachers are hoping for \$600 million. If they get only half of that, it shows we are going into deficit.

Mr MORRIS IEMMA: There is a hypothetical basis to that—what may or may not be the outcome of the teachers' claim. As I indicated, their award expires at the end of this year. We have commenced negotiations with the Teachers Federation and those negotiations will continue.

The Hon. MELINDA PAVEY: What other awards expire?

Mr MORRIS IEMMA: A number of awards across the government sector are being negotiated, or claims have been made. These are dealt with through the process of negotiation. When they cannot be we still have an independent umpire in this State who can make an arbitrated decision.

The Hon. MELINDA PAVEY: But it is not looking good for the budget, is it?

Mr MORRIS IEMMA: As I indicated, the teachers are a significant part of the work force—some 75,000. Their award expires at the end of the year, and we have commenced negotiations with them. Those negotiations will continue. My hope is that they will be calm and rational negotiations leading to an outcome and a new award for the teachers.

The Hon. GREG PEARCE: How much is allowed in the budget for the teachers?

Mr MORRIS IEMMA: The budget has provided for 3 per cent over four years for the teachers. As I indicated, we have commenced negotiations with the teachers. The award expires at the end of this year, so there is some time to conclude an arrangement with the teachers.

The Hon. GREG PEARCE: What is the figure?

Mr MORRIS IEMMA: It is 3 per cent over four years.

The Hon. GREG PEARCE: No, what is the figure?

Mr MORRIS IEMMA: It is 3 per cent over four years.

The Hon. GREG PEARCE: The dollar amount.

Mr MORRIS IEMMA: We will take on the notice the dollar amount. It is 3 per cent over four years.

The Hon. MELINDA PAVEY: Are you familiar with a unit established under the Government called the Property Disposal Assessment Panel?

Mr MORRIS IEMMA: No, I am not. Dr Gellatly says he is.

Dr GELLATLY: I chair a committee called the Government Asset Management Committee. As part of that we look at the asset management plans of the different agencies in the sector. We look at office accommodation strategies and, as part of it, we also set up a group called the Property Disposal Assessment Panel, which looks at what agencies propose to dispose of during the current financial year and future years.

The Hon. MELINDA PAVEY: Is this an area that the Government will rely on to shore up its budget position, a list of valuable properties it wants to offload? Is this part of Costa's—

Mr MORRIS IEMMA: Its former name was the Government Asset Management Committee, which is a committee that was established some time ago to get better value—

The Hon. MELINDA PAVEY: Dr Gellatly just explained that.

Mr MORRIS IEMMA: Yes—out of government agencies' property asset holdings, to co-ordinate it and to get better value out of it.

The Hon. GREG PEARCE: Was it established when you were Minister for Public Works and Services?

Mr MORRIS IEMMA: It existed when I was there. Its precise time of establishment I cannot recall, but it existed when I was Minister for Public Works and Services.

The Hon. MELINDA PAVEY: Would you rely on the information within that—

Mr MORRIS IEMMA: No, we will not rely on it. We have a wide-ranging audit of the State's finances that will look at areas of efficiency, duplication, where we can reduce costs and where we can get better value for taxpayers' money. We will not rely on that.

The Hon. MELINDA PAVEY: Is the PTE [public trading enterprise] sector borrowing to fund capital expenditure?

Mr MORRIS IEMMA: The PTE sector is borrowing to fund capital expenditure.

The Hon. MELINDA PAVEY: What is the dollar amount of borrowings undertaken by the PTE sector for operating expenditure since May?

Mr MORRIS IEMMA: I can get that figure for you.

The Hon. MELINDA PAVEY: What was the GGS [general government sector] net debt position as at 30 August?

Mr MORRIS IEMMA: Sorry, could you repeat the question?

The Hon. MELINDA PAVEY: What was the GGS underlying net debt position as at 30 August?

Mr MORRIS IEMMA: I will have to take that on notice.

The Hon. MELINDA PAVEY: What is the amount of unallocated capital expenditure for the GGS?

Mr MORRIS IEMMA: There is a figure there. I will take that on notice and provide it to you.

The Hon. GREG PEARCE: How are you going to fund the \$2 billion desalination plant?

Mr MORRIS IEMMA: The decision on the procurement method of the desalination plant is yet to be made. It is part of the decisions that are coming shortly.

The Hon. GREG PEARCE: Has any money been allocated for it at this stage?

Mr MORRIS IEMMA: There has been some planning money allocated. The precise decision on the method of procurement, whether it is a public-private partnership or whether it is one undertaken by Sydney Water Corporation, is a decision that still has to be taken. The method of procurement has not been determined yet.

Ms LEE RHIANNON: When will you make the announcement?

Mr MORRIS IEMMA: We are expecting a decision on the environmental impact statement at the end of this year together with the development approval at the end of this year, and the precise date of the procurement method I will take on notice.

The Hon. GREG PEARCE: Could you give us the financial projections of the capital and operating deficits for RailCorp for 2005-06 into 2008-09?

Mr MORRIS IEMMA: I would have to take the RailCorp question on notice. The question in relation to the Treasurer's advance for 2005-06 is \$60 million, for 2006-07 it is \$60 million, for 2007-08 it is \$60 million and for 2008-09 it is \$60 million.

The Hon. GREG PEARCE: In relation to the RailCorp capital and operating deficits, you are aware of the deficits, are you?

Mr MORRIS IEMMA: I am sorry?

The Hon. GREG PEARCE: In relation to the RailCorp capital and operating deficits, you are aware of the deficits?

Mr MORRIS IEMMA: Questions in relation to RailCorp I will have to seek the advice of the relevant Minister, the Minister for Transport.

The Hon. GREG PEARCE: The Treasurer does not know the expected deficits for RailCorp?

Mr MORRIS IEMMA: The question in relation to RailCorp I will ask the relevant Minister, the Minister for Transport.

The Hon. GREG PEARCE: You do not know?

Mr MORRIS IEMMA: I will seek the advice from the relevant Minister, the Minister for Transport.

The Hon. GREG PEARCE: What about other public trading enterprises? Do you know the current major position and whether they have projected deficits?

Mr MORRIS IEMMA: Do you have a specific one in mind? I will seek the information.

The Hon. GREG PEARCE: You do not know?

Mr MORRIS IEMMA: Do you have a question in relation to a specific trading enterprise, or a specific corporation? You asked a question in relation to RailCorp.

The Hon. GREG PEARCE: I did.

Mr MORRIS IEMMA: I will seek that information from the Minister for Transport.

The Hon. GREG PEARCE: It flowed from that question because I was surprised that you would not know the deficit position with RailCorp.

Mr MORRIS IEMMA: I will seek the information from the Minister for Transport.

The Hon. GREG PEARCE: What does the Treasurer do? Do you not audit that?

Mr MORRIS IEMMA: I have answered your question.

The Hon. GREG PEARCE: Over the past 12 months have any agencies requested additional funding for operating expenditure?

Mr MORRIS IEMMA: I will take that on notice.

The Hon. GREG PEARCE: Since you have been Treasurer?

Mr MORRIS IEMMA: I will take that on notice.

The Hon. GREG PEARCE: You do not know since you have been Treasurer?

Mr MORRIS IEMMA: Agencies in the past 12 months? I have just answered your question. I will take that on notice.

The Hon. GREG PEARCE: No. The supplementary question was whether any agencies have requested additional funding for operating expenditure since you have been Treasurer.

Mr MORRIS IEMMA: Agencies are expected to live within their budgets.

The Hon. MELINDA PAVEY: But they do not.

Mr MORRIS IEMMA: That is something that we expect. It is part of the way they operate.

The Hon. MELINDA PAVEY: What if they do not?

Mr MORRIS IEMMA: They are expected to operate within their budgets. Obviously, from time to time, agencies seek enhancements. But over the past 12 months—I would have to take on notice the question in relation to any individual agencies.

Ms LEE RHIANNON: Back to your comments on terrorism. How can people in New South Wales be confident that your Government's response to terrorism will not stigmatise and demonise Arabic and Islamic communities, and create further social division?

Mr MORRIS IEMMA: I do not believe that any of our measures or responses has done so.

Ms LEE RHIANNON: It has been widely discussed that that has been a spin-off. Surely you agree that when large sections of those communities say they feel they are targeted it needs to be addressed?

Mr MORRIS IEMMA: As I say, I do not believe that in any of the measures I have outlined, either in the capital equipment investments that we have undertaken or the additional police powers, that has been the case.

Ms LEE RHIANNON: You think it is not a problem and you do not need to do anything about it?

Mr MORRIS IEMMA: No. I did not say that. I said in relation to the measures that we have taken I do not believe that is the case. Certainly, this Government has not sought to fuel any sort of division within the community that you mentioned. Quite the contrary, we have sought to have the leadership of the Islamic community take a very strong stance.

Ms LEE RHIANNON: What is the status of the Clean Vehicle Action Plan announced by the previous Premier in November 2001? Are you committed to the plan proposals for a new stamp

duty regime that would provide for lower duty on cleaner vehicles, such as hybrid cars, and higher duty for heavy polluting vehicles?

Mr MORRIS IEMMA: I will take that on notice.

Ms LEE RHIANNON: You have no opinion on it? You are taking it on notice. Does that mean you are not aware of it?

Mr MORRIS IEMMA: You asked about the progress of it. I take that on notice. In relation to whether I support it, the answer is yes. In terms of the greenhouse gas emissions and the government clean fleet I can give you the following information. Emissions from road and other transport represent about 15 per cent of our total emissions. They have increased 20 per cent from 1990 to 2002. The Government is committed to reducing the environmental impact and economic cost of the Government's light vehicle fleet—up to 3½ tonnes—and putting cleaner, less-polluting cars on New South Wales roads. Through this cleaner New South Wales government fleet initiative the Government is encouraging the procurement of smaller, cleaner and less-polluting vehicles, reducing fuel consumption and progressively reducing greenhouse gas emissions, saving vehicle purchases and fuel costs in the order of some \$50 million by 2008. As part of this policy, vehicles powered by V8 engines are no longer available for purchase through the government motor vehicle contract in recognition of their significant greenhouse pollution and high running costs.

Ms LEE RHIANNON: Does that apply also to Minister's cars? Are you going for cleaner, less-polluting vehicles?

Mr MORRIS IEMMA: Yes. As I understand it, it does.

Ms LEE RHIANNON: When will that start to apply?

Mr MORRIS IEMMA: I am advised that it has already started.

Ms LEE RHIANNON: How many Ministers have smaller, less-polluting cars?

Mr MORRIS IEMMA: The precise number I would have to take on notice.

Ms LEE RHIANNON: Considering it is nearly four years now since the clean vehicle action plan was announced with great fanfare, when will we hear what the progress is on this measure?

Mr WILKINS: As you recall, it was a suggestion, and only a suggestion, that was being mooted at that point about differential stamp duties. That is the suggestion you are talking about.

Ms LEE RHIANNON: Yes.

Mr WILKINS: There are some difficulties around getting that right. Performance modelling exercises have been done. It still needs to come back into Cabinet. The greenhouse unit currently is working on that, and it will be submitted to the budget committee of Cabinet in due course to have a look at, but it is not unproblematic.

Ms LEE RHIANNON: So you are actually saying that you do not have the final proposal before you at the moment.

Mr WILKINS: There have been various proposals.

Ms LEE RHIANNON: You have not got a final proposal. That is what I am really asking.

Mr WILKINS: I have not got a final proposal that I am comfortable with to send it to the Minister, no. We are still working on various aspects of it.

Ms LEE RHIANNON: Again I ask the question: Considering it is nearly four years, when can we expect the announcement?

Mr WILKINS: That is not a matter for me. My job is to present proposals to the Minister and the Cabinet committee.

Ms LEE RHIANNON: Can anybody give me a time line on this?

Mr WILKINS: I doubt it. Well, the Minister has not seen it yet, so—

Ms LEE RHIANNON: What, the Premier?

Mr WILKINS: Yes. The Premier has not seen it yet.

Ms LEE RHIANNON: When is he likely to see it? I mean, seriously, it has been four years and it was announced like it was just around the corner back in November 2001.

Mr WILKINS: Well, the former Premier was actively involved. This Premier has only just arrived in office. We must submit this proposal to him. It is not an uncomplicated proposal.

Ms LEE RHIANNON: It is not uncomplicated, so—

Mr WILKINS: No. It is not an uncomplicated proposal. There are winners and losers in this.

CHAIR: Premier, I appreciate your commentary about avoiding duplication and the saving of money. In relation to the Office for Women in your department, the department is spending \$2.3 million on the Office for Women. What is your office doing specifically that is not adequately covered by the Ministry for Women?

Mr MORRIS IEMMA: The point to make is that the Office for Women is in the Premier's Department and reports to the Minister for Women.

The Hon. MELINDA PAVEY: Liz Coombs is acting.

Mr MORRIS IEMMA: I know, but the office reports to the Minister for Women. The transition to the Office for Women has been achieved over the last 12 months and the change from the department to the Office for Women has reduced staffing and costs. This has been achieved by the transfer of some significant cost items, such as the Women's Information Referral Service, which is now run by LawAccess NSW.

CHAIR: Premier, in relation to the funding of offices for former office holders by the Premier's Department, what continuing entitlements, funded by the Premier's Department, is the former Premier, Bob Carr, going to receive?

Mr MORRIS IEMMA: As recognition of the service that has been provided to the State, long-serving former Premiers—that is, those who have been serving for periods longer than four years—are provided with an office, staff, car, and driver and assistance with telephone costs as well as rail and capped air travel for the former Premier and spouse. These arrangements are similar to arrangements that are in place in the Commonwealth and other State jurisdictions. Until the resignation of Mr Carr, New South Wales had two long-serving Premiers, Mr Wran and Mr Greiner, both of whom received the abovementioned entitlements. Those entitlements are those that I outlined earlier. Just like Mr Wran and Mr Greiner, Mr Carr is entitled to, and is receiving, similar entitlements. The costs associated with these entitlements are met from the budget of the Premier's Department.

Ms LEE RHIANNON: Some of the commentators on *The Latham Diaries* have made the point that the only policy that the former Opposition leader was successful in was the issue of parliamentary superannuation. His comments certainly followed on from some work that the Greens had done for a long time. The Federal Government and State governments, bar New South Wales, have now changed superannuation schemes that are available for members of Parliament. What are your plans with regard to this?

The Hon. MELINDA PAVEY: To wait until Carmel gets in.

Mr MORRIS IEMMA: I am sorry, was that a question?

The Hon. MELINDA PAVEY: No, it is just a comment.

Mr MORRIS IEMMA: The former Premier indicated that New South Wales would move to do the same. In relation to that, he announced on 12 February 2004 that New South Wales would institute a new 9 per cent government contribution scheme for those who enter at the next election. Cabinet has approved the establishment of the new superannuation arrangements that are similar to those available to Commonwealth parliamentarians, new South Wales public sector employees recruited since 1992 and general community standards. It is proposed to introduce this bill in the current spring session of Parliament, once the Parliamentary Remuneration Tribunal has certified that the amendments are warranted. The new arrangements will apply to parliamentarians who are elected to Parliament after the next general election.

Ms LEE RHIANNON: Can you explain why your Government has failed to appoint a full-time permanent Privacy Commissioner when it has been nearly 2½ years since Mr Chris Puplick resigned as the New South Wales Privacy Commissioner?

Mr MORRIS IEMMA: I will seek the Attorney's advice.

The Hon. AMANDA FAZIO: Premier, the Opposition has made a lot of noise about financial responsibility, but I understand that they have made a substantial number of spending commitments. Can you please advise the Committee of the details of these commitments?

Mr MORRIS IEMMA: The spending and tax promises to date have reached more than \$16.8 billion. These spending promises included a superhighway over the Blue Mountains at \$2 billion, stated on 7 May 2004 by Russell Turner on the ABC Central West radio. The spending promises include reopening the Murwillumbah to Casino railway line at \$78 million over four years, the scrapping of the adoption fee increase announced at over \$3 million over four years, a \$40 million rollout of flashing lights at schools, and \$200 million for the South Coast Princes Highway upgrade.

The Hon. GREG PEARCE: Point of order: I am sorry to interrupt you, Premier. I am sure the people of New South Wales will be pleased to hear that you have been spending your time costing Opposition promises and you cannot tell us the state of the New South Wales budget. These are estimates hearings. It might be that you ought to spend some time telling us a bit more about the New South Wales budget—

CHAIR: That is not a point of order, thank you.

The Hon. GREG PEARCE: —and in bringing forward your calculations on the budget.

CHAIR: Thank you, Mr Pearce. That is not a point of order; it is a commentary. The Premier may continue.

Mr MORRIS IEMMA: The promises also include the reclassifying of minimum security prisoners to medium security at \$809 million and cutting dividends from energy utilities at \$1 billion. Some of the tax promises include scrapping the insurance tax increases at \$649 million, scrapping mortgage refinancing tax charges at \$95 million, increasing payroll tax threshold from \$600,000 to \$850,000 at a cost of \$760 million, cutting WorkCover premiums by 10 per cent at \$1.12 billion over four years. The total tax cuts come to \$7.4 billion and the total spending comes to—

The Hon. GREG PEARCE: And, Premier, we are proud to have some policies—

The Hon. AMANDA FAZIO: Point of order—

The Hon. GREG PEARCE: —and to make this State competitive again whereas you—

The Hon. AMANDA FAZIO: Point of order—

The Hon. GREG PEARCE: You have no idea—

The Hon. PETER PRIMROSE: Mr Chairman, will you apply the rules and stop him?

The Hon. GREG PEARCE:—what the current financial position in this State is.

CHAIR: You have made that point, Mr Pearce, thank you. Are there any further questions?

Mr MORRIS IEMMA: The total spending comes to \$9.4 billion and the total tax cuts come to \$7.4 billion, which gives a spendometer of \$16.8 billion, and no indication of how you are ever going to pay for those.

The Hon. MELINDA PAVEY: Do you expect the highest accountability for people working with the government, Premier?

Mr MORRIS IEMMA: Yes.

The Hon. MELINDA PAVEY: How do you explain the appointment of Mike Kaiser as your chief of staff, an admitted forger?

Mr MORRIS IEMMA: Mr Kaiser made an error when he was a young man and he admitted his error. As part of the process of accountability, he sought not to avoid accountability for that.

The Hon. MELINDA PAVEY: He did originally, initially.

Mr MORRIS IEMMA: He did not seek to—

The Hon. MELINDA PAVEY: He got caught out.

Mr MORRIS IEMMA: He did not seek to avoid accountability. Mike Kaiser—

The Hon. GREG PEARCE: Is this not your excuse for Sartor?

Mr MORRIS IEMMA: Mr Sartor—

The Hon. PETER PRIMROSE: Mr Chairman, as I said to you before this meeting started, the only points of order I take would be because of rudeness, and that is all we are doing. If these people are going to be rude and constantly interject, I think it is a poor showing for this Committee. I ask you again to please exercise your role as Chair and stop these people from constantly interrupting. They asked a question and the Premier is seeking to answer it. Please use your role as Chair and ask them to desist.

CHAIR: Please continue, Premier.

The Hon. GREG PEARCE: Just on that, since the point of order has been taken—

CHAIR: It is not a point of order. It is a commentary about the fact that you should allow the Premier to answer, and that is fair enough. Please continue, Premier.

The Hon. GREG PEARCE: The Premier seemed to be confused—

CHAIR: The Premier is not confused.

The Hon. GREG PEARCE: —and he was answering a question about Mr Kaiser—

The Hon. AMANDA FAZIO: Point of order—

The Hon. GREG PEARCE: —and he seemed to be giving the answer he gave about Mr Sartor.

The Hon. AMANDA FAZIO: The Hon. Greg Pearce and the Hon. Melinda Pavey asked a question, although I must say at this stage of the proceedings I am fairly dubious about using "honourable" in relation to their behaviour. They are asking questions and continually interjecting and interrupting and are just acting appallingly.

Ms LEE RHIANNON: You are wasting time.

The Hon. PETER PRIMROSE: If you want a brawl, Mr Chairman, you are going to have a brawl unless you stop the rudeness.

The Hon. AMANDA FAZIO: I ask you to call them to order.

CHAIR: Thank you. Premier, would you go ahead and finish your answer.

Mr MORRIS IEMMA: Mr Kaiser made an error when he was a young man. He admitted his error as part of his belief in accountability. He faced up to his error. He also faced up to the penalty. He paid a very high price for his error. He lost his political career—a very heavy price. Mr Kaiser made a mistake. It was a mistake that he made a long time ago. Since he lost his political career, his parliamentary career, he went on to work as a national assistant secretary for the Labor Party. He is a very good person. He is a very good administrator and he will make a very good addition to my office. The mistake that he made many years ago, one that he did not seek to avoid responsibility or accountability for and one for which he paid a very high price, ought not to be held against him in seeking other employment or other positions.

The Hon. MELINDA PAVEY: So he has given you a commitment that he is not going to seek a further political career—

Mr MORRIS IEMMA: Mr Kaiser—

The Hon. MELINDA PAVEY: As reported in *The Latham Diaries*, he is going to go back to Queensland and continue his political career in Queensland at the next State election. So this is not just a fill-in job in the meantime because you could not find anyone else.

Mr MORRIS IEMMA: He is returning to Queensland.

The Hon. MELINDA PAVEY: He is. When?

Mr MORRIS IEMMA: He is going to be—well, he has indicated he is returning to Queensland in 18 months time. He is coming to work for me, and I am very happy that he is coming to work for me.

The Hon. MELINDA PAVEY: As the Assistant Director-General, Public Employment Office, is responsible for providing selection advice, what selection criteria were followed when filling this position?

Mr MORRIS IEMMA: Mr Kaiser is—

The Hon. MELINDA PAVEY: This is not about him. It is about another one. The Assistant Director-General, Public Employment Office, is responsible for providing redeployment and relocation advice. What selection criteria were followed when filling this position?

Dr GELLATLY: The usual process. The position was advertised. There was a position description and there was a panel interview. Are you talking about the Assistant Director-General, Public Employment, Chris Raper?

The Hon. MELINDA PAVEY: Yes.

Dr GELLATLY: It was the usual senior executive service [SES] employment process, if I remember.

The Hon. MELINDA PAVEY: How many people were interviewed prior to the appointment of Mr Raper?

Dr GELLATLY: I have not got those details with me. I can provide those.

The Hon. MELINDA PAVEY: Take that on notice, then, Premier, given that Mr Raper served for 20 years as a national president and New South Wales branch secretary of the Liquor, Hospitality and Miscellaneous Union, was his hiring just another example of jobs for the boys and a politicising of the New South Wales public service?

Mr MORRIS IEMMA: No.

The Hon. MELINDA PAVEY: Given that the member for Parramatta's husband, former Labor Council's assistant secretary Michael Gadiel, whose brother was Eddie Obeid's former chief of staff, is employed by the Premier's Department, I would like to know what his role is and the selection criteria followed when filling his position, and his salary?

Dr GELLATLY: Michael Gadiel is employed as a special temporary employee under the Public Sector Management Act. There is a process where they are employed as ministerial officers.

The Hon. MELINDA PAVEY: How many other spouses, siblings and relatives of Labor politicians are employed by the Premier's Department, Premier?

Mr MORRIS IEMMA: I will have to take that question on notice. I do not go around looking at people's relationships.

The Hon. MELINDA PAVEY: Premier, in relation to ministerial staff and your own staff, according to the budget papers, the Premier's office has 29 positions, the Ministers' offices 233, and the MAAPs outfit has 77, making a total of around 339. What are your plans to cut this number of people assisting your Ministers and yourself in line with the budget crisis that New South Wales is clearly facing?

Mr MORRIS IEMMA: As I have indicated, the audit process that will be undertaken will be a searching examination of the areas where we can save on administration, areas of duplication and inefficiencies.

The Hon. GREG PEARCE: Following on from that question, Premier, can you tell us which ministerial offices are now hosted out of your office and what their budgets are, and a breakdown on employee expenses—accommodation expenses and other expenses—for each one of them?

Mr MORRIS IEMMA: I am sorry, there are no other ministerial offices hosted out of my office.

The Hon. GREG PEARCE: I am sorry, out of the—

The Hon. MELINDA PAVEY: Premier's Department.

The Hon. GREG PEARCE: Where are they hosted out of now?

Mr MORRIS IEMMA: Not hosted out of my personal office.

The Hon. GREG PEARCE: Are they out of Cabinet?

Mr MORRIS IEMMA: I have personal staff who work in my office. We are not hosting any other ministerial office.

The Hon. MELINDA PAVEY: What about Premier's Department?

Dr GELLATLY: Yes.

The Hon. GREG PEARCE: So we found them in Premier's Department.

Dr GELLATLY: No, it is in the budget papers, if you go to page 2-51.

The Hon. GREG PEARCE: We did not find them in the Premier's Office, but we found them in the Premier's Department.

Dr GELLATLY: It is in the budget papers.

Mr MORRIS IEMMA: Your question was "Premier's Office"; you said my office.

The Hon. GREG PEARCE: I apologise. We will take it on the Premier's Department instead of the Premier's Office and the question is how many are now hosted?

Dr GELLATLY: As in the budget paper, it is 233.

The Hon. GREG PEARCE: Could you give a breakdown of which Ministers they are, and a breakdown of individual budgets, number of staff for each Minister, and the breakdown of the budget per Minister as to employee costs, accommodation costs and other expenses?

Dr GELLATLY: I will take that on notice.

The Hon. MELINDA PAVEY: Do you need to voluntarily register as a displaced worker within the New South Wales Public Service, Premier?

Mr MORRIS IEMMA: Sorry?

The Hon. MELINDA PAVEY: Do people need to voluntarily register as a displaced worker?

Dr GELLATLY: There is a policy in Premier's Memorandum 96/5 that provides the policy framework for the management of displaced employees in the New South Wales public sector. The policy obliges displaced employees to make themselves available to be considered for redeployment to a vacancy. The primary responsibility for redeployment rests with the home agency and the individual displaced employee. When an employee is displaced, they meet their agency case manager or human resources manager, and they work out what is the best option. The option could be redeployment in their home agency and that may be the best option for staff with agency-specific skills.

There could be positions in other agencies via merit selection, or there could be registration with the redeployment and relocation services unit in Premier's; the old workforce management centre. Basically, any job that becomes vacant is notified to us in the redeployment relocation unit. Any person who is displaced and on the register held by us in Premier's Department is given a priority assessment. So the job is not advertised until a person who is on the displaced officers list is given the opportunity to see if their skills fit that position. There is a real incentive for people to go onto the priority assessment list. The whole purpose of that is that redeployment is about trying to redeploy people and make use of their skills within the sector. It is basically a system where the case manager in the agency notifies an employee and puts them on the list.

The Hon. MELINDA PAVEY: Would you provide details of the number of employees who have been on the register for less than 12 months, or from one to two years, or from three to four years, or for four years or more? Is that information able to be broken down to give an indication of how many people and how long they have been on the list?

Dr GELLATLY: The Opposition received that in an FOI that was due on 30 August.

Ms LEE RHIANNON: Premier, will you explain why the New South Wales Freedom of Information Act has been operating for 16 years but has never been reviewed?

Mr WILKINS: It is constantly being reviewed?

Ms LEE RHIANNON: Where is that review?

Mr WILKINS: It is being undertaken.

Ms LEE RHIANNON: Is it publicly available?

Mr WILKINS: Parts of it are, but to my knowledge there has not been a comprehensive review, as such. It is constantly under review, as issues come up.

Ms LEE RHIANNON: Your answer is contradictory. You said that on the one hand it is not available but that it is constantly being reviewed. Is it publicly available? Has it been reviewed in its entirety?

Mr WILKINS: If your question is whether it has been publicly reviewed, the answer is no. It has been reviewed internally.

Ms LEE RHIANNON: Internally has it been reviewed in its entirety?

Mr WILKINS: I cannot guarantee that every section of the Act has been reviewed, but we have certainly taken stock of criticisms and certainly looked at best practice overseas, and we are satisfied that it is fine.

Ms LEE RHIANNON: Why do you not release it publicly?

Mr WILKINS: Because there is no document as such, there is no product, it is a procedure. We keep all our policies under review.

Ms LEE RHIANNON: So you just have a chat about it? It has not been written down?

Mr WILKINS: No, we do a little bit more than have a chat about it. When the Ombudsman raises an issue about it, we look at it, we consider it, we put it up to the Minister for a ruling.

Ms LEE RHIANNON: But for 10 years the New South Wales Ombudsman has been calling for such a review, has actually outlined many reasons why such a review is needed in the light of technological changes, increased expectations from the public that the Government will be accountable, and the growth in other schemes under which the public can now access public sector information such as the Local Government Act and the State Records Act. So the New South Wales Ombudsman is calling for this.

Mr WILKINS: I do not think it is very high on his list of things to do. Certainly there have not been people marching in the streets about it. We have not received a lot of correspondence from people complaining about it. We have looked at it in terms of what other jurisdictions do. It is not out of kilter with other jurisdictions. There is not generally a case for the sort of root and branches review that you advocate.

Ms LEE RHIANNON: Will the Premier adopt the Ombudsman's recommendation that all the Acts dealing with the public's access to information be reviewed, including the Freedom of Information Act, to show your commitment to transparent, open and accountable government? You are saying that there is not a request for it, but that is pretty clearly a request from the Ombudsman.

Mr WILKINS: Premier—

Ms LEE RHIANNON: Does he want to answer it?

Mr MORRIS IEMMA: As Mr Wilkins indicated, the matter is under review.

Ms LEE RHIANNON: There is a lot under review, Premier.

Mr MORRIS IEMMA: That is correct. As outlined by Mr Wilkins, that is the correct position.

Ms LEE RHIANNON: It is good that you have confidence in him, but is there any accountability aspect to this, or is it just internal, private, and we never hear about it?

Mr MORRIS IEMMA: As he outlined, it is constantly under review.

Ms LEE RHIANNON: That did not answer the question.

Mr MORRIS IEMMA: Maybe not to your satisfaction, but I have answered your question.

Ms LEE RHIANNON: We will stick with the New South Wales Ombudsman a little longer. Can you comment on the New South Wales Ombudsman's most recent audit of the freedom of information [FOI] reporting by government agencies that found the percentage of FOI applications approved in full has decreased significantly? In 1995-96 it decreased by 16 per cent. While in 1995-96 audited agencies reported fully disclosing documents in over 80 per cent of cases, by 2002-03 that figure had fallen to a pretty miserable 51 per cent. Is that a concern? Is it something you are going to turn around? You are making out that you are a new government; does accountability, transparency and openness go with a new government?

Mr MORRIS IEMMA: I think as you have already heard, accountability and transparency are fundamental to the way this Government approaches its public administration.

Ms LEE RHIANNON: Could you give examples of how you are applying this transparency and openness, please?

Mr MORRIS IEMMA: I can give you a number of examples. In the area of health, we have a substantially reformed health watchdog body that provides accountability for those who work in the health system, for members of the public who have concerns about the treatment that they have received from hospitals or individuals working in other agencies and other bodies. There are numerous watchdog bodies that provide members of the public with a forum or avenue of redress, when they feel aggrieved. The Police Integrity Commission is one of them and the Independent Commission Against Corruption is another. There are a number of watchdog bodies over Ministers and government agencies, and they also provide an avenue for members of the public to seek redress when they feel they have not had a fair go in their dealings with agencies or in the area of public administration.

Ms LEE RHIANNON: With the health example that you have given, can you guarantee that NSW Health is not still considering creating a consolidated electronic health record for every person in New South Wales to be held on a central database without requiring people to give consent?

Mr MORRIS IEMMA: When I left the Health portfolio, New South Wales was participating in the electronic health record, which was part of the national trial. One of the most significant steps we can take when it comes to reducing errors and adverse incidents in Health is to get better and more accurate information about patients, their clinical records, their clinical history, and who are their treating clinicians outside, say, an acute hospital setting. If someone is in an accident and is taken to an emergency department, it would be entirely appropriate if electronically the consultant or staff specialist could access the person's clinical history prior to providing treatment or prescribing medication, particularly if there is information about the patient's treating clinicians.

Ms LEE RHIANNON: But my question was in relation to people who would choose not to have that electronically recorded. Are you ruling that out now?

Mr MORRIS IEMMA: The pilot that we are involved in with the Commonwealth does not provide for that. That is something the Government supports.

Ms LEE RHIANNON: Can you guarantee that the Government will not seek to amend the health records and information privacy regulations by bypassing that Act's requirement? That

organisation must not include health information about a person in a linked health record system unless the patient has expressly consented, is that correct?

Mr MORRIS IEMMA: I would have to get that further detail from the Minister for Health. Your first question was in relation to medical records and electronic medical records. As a matter of policy there are significant benefits. One of the best measures to reduce death and accident adverse incidents in the health system is what we are doing in working with the other States and the Commonwealth; that is an electronic health record. For further detail you have asked about, I will seek advice from the Minister for Health.

Ms LEE RHIANNON: It sounds like you are heading towards abandoning the consent requirements. Can you explain how you would guard against people, for example people with mental health issues, drug problems, or an infectious disease such as HIV-AIDS, shying away from seeking testing and treatment because of a legitimate fear that the information collected about them would be disseminated widely without privacy safeguards in place?

Mr MORRIS IEMMA: To the best of my recollection, when I left the Health portfolio the pilot proposed on the electronic health record had provision for high level security to ensure that access was provided only to the treating clinicians. Secondly, it had provision for a sealed section to provide greater security and integrity to the system. Any questions about further security measure details I will have to take on notice and refer to the Minister for Health. The pilot addresses these issues. It provides for the security of the system, to protect both the patient and the clinicians. But again, the best measure that can be taken to reduce adverse incidents is to provide accurate and timely information about a patient's clinical history to the clinicians who are required to treat the patient, particularly those who present to our acute hospitals either in an emergency department or those who are admitted for surgery.

I would have to refer to the Minister for Health to get that detail. The electronic health record pilot, as part of the model that the Health Ministers settled on, provided for significant security measures to protect patients.

Ms LEE RHIANNON: Mr Chairman, could I ask you a question. A number of times the Premier has said that he will seek more information. Is that interpreted as taking it on notice?

CHAIR: Yes, I interpreted that to taking those questions on notice. The Minister will seek further advice and will get back to us with the information.

Mr MORRIS IEMMA: You asked specifically about patients with a mental illness.

Ms LEE RHIANNON: No, I was referring to the whole of the time the Minister has been answering questions. The terminology he used did not refer to questions on notice; the terminology he used referred to seeking more advice.

Mr MORRIS IEMMA: I cannot take on notice questions relating to the electronic health record as I just provided you with some information. You asked me a question about patients with a mental illness and there was another category of patients. I will seek the relevant information from the Minister for Health and provide it to you. I am seeking to provide you with the information.

Ms LEE RHIANNON: I was just trying to clarify the process.

CHAIR: I took it that way.

Mr MORRIS IEMMA: I could not say, "I will take that question on notice", because I had already provided some information in my answer. I could not say, "I will take your question about electronic health records on notice." You asked about other specific issues. You want more information on what security arrangements are in place.

Ms LEE RHIANNON: I was referring also to your previous questions.

Mr MORRIS IEMMA: Sure. You asked what security arrangements we had in place before the electronic health records. I will obtain all those details from the Minister for Health. I have indicated that there are security measures in the model we are trialling. In relation to patients with a mental illness and the other category of patients, I will obtain that information and have it provided to you.

The Hon. GREG PEARCE: Premier, I want to take you back to the displaced workers questions that we were pursuing earlier with Dr Gellatly. Are you aware that this welfare scheme for public servants has employees who have been on the displaced list for up to 5½ years?

Mr MORRIS IEMMA: Mr Gellatly indicated that there are a number. He will provide that information to you.

Dr GELLATLY: You have the list. It has a small number on it. I do not have the list with me but a very small number have been there for long period—over 12 months. The latest figures show that there were about 33 across the whole sector over 12 months. Remember that we have a sector of about 330,000 people. So there are probably 30 people of that number who have been displaced, which is the technical term. The fact is that they are still doing meaningful work for the agencies. It is part of the adjustment.

When you have a large organisation like the New South Wales public sector there will be turnovers, changes in structures, changes in budgets, and so on. So people are affected by those changes. Technically, that is why they are displaced persons. There is no longer a position, as such, for them to be in but they are doing meaningful work. I continually work with chief executive officers [CEOs] to ensure that they are doing meaningful work. They are part of making the whole sector work; they are not on the dole scheme, as you called it. I think that is insulting to public servants who work in the sector.

The Hon. GREG PEARCE: I said a welfare scheme.

Dr GELLATLY: It is not a welfare scheme; they are being paid.

The Hon. GREG PEARCE: They are being paid and they do not have a job.

Dr GELLATLY: They are being paid to do work. They do not have an official position.

The Hon. GREG PEARCE: They do not have a position but they do work?

Dr GELLATLY: Yes, they do work. If you understand it, the Public Sector Employment and Management Act works on the basis that there is a position. If you are not in a position you are regarded as displaced, but you can still be doing work—being employed, being paid for, turning up, doing the work, and working under the conditions of other public servants.

The Hon. GREG PEARCE: I am glad you came back into this debate, Dr Gellatly, as I now have that freedom of information request. It really refers only to those who voluntarily registered. How many are there across the whole of the public service? You mentioned in your earlier answer that they are left in the agencies to be dealt with. How many of those people are there?

Dr GELLATLY: I explained that the redeployment—

The Hon. GREG PEARCE: How many are there in total?

Dr GELLATLY: Each agency has number of people they are working with at any time.

The Hon. GREG PEARCE: How many in each agency?

Dr GELLATLY: I do not know.

The Hon. GREG PEARCE: You do not know?

Dr GELLATLY: I do not know. It is a huge sector and there are lots of agencies. We do not centrally monitor every individual in every agency.

The Hon. GREG PEARCE: You have a register in your office so you can state it is a small number when you know full well that across the public service there are thousands of people.

Dr GELLATLY: That is complete fabrication and it is an insult to the people who work in the Premier's Department. You are just making it up. That is not true.

The Hon. GREG PEARCE: I am not making it up.

Dr GELLATLY: That has been the case since the Greiner-Fahey Government, that we have had a displaced officer list. It has always worked that way if we had a displaced person.

The Hon. GREG PEARCE: Do all those people on this displaced list not have positions?

Dr GELLATLY: No.

The Hon. GREG PEARCE: Exactly. Why not?

Dr GELLATLY: I just tried to explain it to you.

The Hon. GREG PEARCE: You do not know how many there are across those government agencies. You do not have any idea.

Dr GELLATLY: Excuse me, Chair, can I answer the question?

CHAIR: Please answer the question.

Dr GELLATLY: There is a policy called redeployment in the New South Wales public sector, and agencies work under that policy framework.

The Hon. GREG PEARCE: But you do not know how many there are?

The Hon. MELINDA PAVEY: Have you tried to establish how many officers do not have real jobs across the New South Wales public sector but have not volunteered to go on the displaced list?

Dr GELLATLY: The premise on which you asked the question is wrong. You are talking about real jobs. What is your definition of a real job?

The Hon. MELINDA PAVEY: You go to work and do a job.

Dr GELLATLY: Even displaced people are doing meaningful work employed by agency CEOs.

The Hon. MELINDA PAVEY: Are there officers surplus to departmental requirements that have not registered themselves on the displaced list?

Dr GELLATLY: I have made that very clear. The matter of how people are registered is a matter between the case manager and the employee. It is made quite clear in the policy.

The Hon. GREG PEARCE: Why do these people not have positions?

Dr GELLATLY: I explained that there are restructures and changes in the way in which agencies operate, changes in budgets, and so on. As that occurs there are adjustments, and positions are changed. Because the fundamental tenet under the Act is that there is a position and that is what you subscribe to, that means you become displaced. But there can be changes in the structure of the agency. That is the basic area where people become displaced.

The Hon. GREG PEARCE: And Treasury or the Premier's Office does not play any role in monitoring agencies to establish how many people are displaced when there are restructures and other changes?

Dr GELLATLY: Clearly we work with agencies because there are budgets that are allocated by Treasury. We work with them under their senior executive service structure because that centrally controls the numbers in the senior executive service, which has been reduced significantly over the past 10 years. As we do that we work with them to establish what their new structures will be. As you go through that part of the process some people will become what we call technically displaced.

The Hon. MELINDA PAVEY: "Technically displaced" is different from "displaced".

Dr GELLATLY: I am saying they are displaced. Other vacancies are occurring throughout the sector at any point in time. When you have 330,000 people working in the sector, clearly people are leaving, resigning and taking jobs outside the public sector. As part of that process you will lose the skills of those people that we are calling displaced. So there is an opportunity for them under the policy to be put into other positions.

As I have indicated, if they are on the register they receive a priority assessment. They can go into those other vacant positions without an interview. An assessment is given by the employing agency about whether that person is suitable. If they are suitable they can be put into that position at that equivalent grade. To me this is a big sector and lots of changes are going on. It would be ridiculous if we said, "When a job changes or the structure changes you have to get out the door." The sector would lose an enormous number of people with corporate knowledge and skills. This is about creating a sector where all those in that sector have an opportunity to make use of their skills.

The Hon. GREG PEARCE: Have you or anyone else in the Premier's office considered a draft policy on mandatory registration of displaced employees?

Dr GELLATLY: We are considering different matters all the time in these sorts of areas.

The Hon. GREG PEARCE: Do you have a draft?

Mr MORRIS IEMMA: It is under consideration. We are looking at a number of measures. One of them is a strengthened policy. In strengthening that policy, mandatory registration is one of the measures we are looking at.

The Hon. MELINDA PAVEY: Is mandatory registration something that you support, Premier?

Mr MORRIS IEMMA: It is under consideration.

The Hon. MELINDA PAVEY: Do you support the mandatory registration of all displaced people?

Mr MORRIS IEMMA: As I have indicated publicly, it is under consideration. The issue of displaced persons I regard as a priority. One of the matters under consideration is to strengthen policy. As part of that policy mandatory registration is being considered.

The Hon. MELINDA PAVEY: Can you just give us an idea of the numbers? Do you have any idea of the numbers? As part of the registry we have 189 employees, which is costing taxpayers \$17 million year, as provided in the freedom of information request on 31 August. Are we looking at 100, 200, 300, 400, 1,000 or 5,000 people across the whole of the public service? Do we have any idea of the number of public servants who are not on the displaced list and who technically do not have a real job?

Mr MORRIS IEMMA: As Dr Gellatly indicated, the displaced list, which is the one that he referred to, has those numbers on it. He also indicated that there would be more.

The Hon. GREG PEARCE: That list is of only those who volunteered to go on it?

Mr MORRIS IEMMA: As part of strengthening policy we are looking, for example, at considering mandatory registration.

The Hon. MELINDA PAVEY: Do you think it involves 1,000 people? Would that be an overexaggeration? Is the figure 10,000? Just give us an idea.

Dr GELLATLY: I would not want to give any estimate.

The Hon. MELINDA PAVEY: What about you, Premier?

Mr MORRIS IEMMA: As Dr Gellatly has indicated.

The Hon. MELINDA PAVEY: You have no idea?

Mr MORRIS IEMMA: We are currently considering measures to strengthen the displaced persons' arrangements. They are being considered. We will finalise those considerations and make an announcement.

Dr GELLATLY: From my point of view, particularly when we are in a situation where changes are going on, it is important that their skills are kept. The main issue is that they are meaningfully employed and they are doing work that is valuable. That is the case.

The Hon. MELINDA PAVEY: Premier, on a recent tour to New South Wales you had an interview with the *Sydney Morning Herald*. As I understand it, but it was not particularly clear, in that interview you said you would be revisiting the policy of no forced redundancies. Is that right?

Mr MORRIS IEMMA: No. Under that policy—and it is the same policy that former Treasurer Egan announced in I think April 2004—redundancy is a last resort. We have no proposal to change his stated position.

The Hon. MELINDA PAVEY: So redundancy is a last resort.

Mr MORRIS IEMMA: It means it is unavoidable; it is a last resort and unavoidable. That was the terminology used by Mr Egan.

The Hon. MELINDA PAVEY: So there will be forced redundancies?

Dr GELLATLY: No.

Mr MORRIS IEMMA: No. Retrenchment will be used only as a last and unavoidable resort. That is what he publicly committed the Government to in April 2004. There has been no change to that. I think it was the April mini-budget.

Ms LEE RHIANNON: Premier, have you inspected the \$40 million rainforest enclosure at Taronga Zoo?

Mr MORRIS IEMMA: No, I have not.

Ms LEE RHIANNON: Have you been briefed about this?

Mr MORRIS IEMMA: No, I have not been briefed.

Ms LEE RHIANNON: Are you aware that there is considerable controversy around it? The bringing of Thai elephants to Taronga Zoo will result in an exchange of Australian wildlife that will go to Thailand? Is that what you have agreed to?

Mr MORRIS IEMMA: Not having been briefed, I am not aware of that.

Ms LEE RHIANNON: Sending Australian wildlife to Thailand could result in those animals being exploited. There is a previous track record of such exports often being cruelly treated.

Mr MORRIS IEMMA: As I said, I have not been briefed on this issue. You asked me whether I had been briefed. I have not been briefed.

Ms LEE RHIANNON: Considering that this involves the welfare of animals and the use of Australian wildlife overseas, what priority have you given it in your work?

Mr MORRIS IEMMA: As you indicated, it would be a matter of concern. Not having had the benefit of a briefing I cannot provide you with any additional material.

CHAIR: Having just visited that zoo enclosure and having had a look at it, I suggest that the Premier should make a visit. It is worthwhile.

Mr MORRIS IEMMA: Thank you, Chair.

Ms LEE RHIANNON: Just taking it in the wider sense, are you concerned about the fact that Australian wildlife is being sent overseas in exchange for other wildlife when no safeguards are in place to ensure their safety?

Mr MORRIS IEMMA: I would have concerns if those safeguards were not in place. As I indicated earlier, I have not been briefed on this issue, which is what you are asking me about. The moment I have an opportunity to receive a briefing on it I will more fully answer your questions.

Ms LEE RHIANNON: When you have that briefing will you also endeavour to ascertain the methods used to domesticate Thai elephants as they can only be brought to Australia once they have been domesticated? That should also form part of your briefing.

Mr MORRIS IEMMA: I hope it will be a full and comprehensive briefing. If it is not I will be annoyed.

The Hon. MELINDA PAVEY: What would you do then?

The Hon. GREG PEARCE: He would take the question on notice.

Ms LEE RHIANNON: Is the Premier taking this issue seriously?

Mr MORRIS IEMMA: I am taking it seriously. You keep asking the same question in different ways. I have not been briefed on that issue.

Ms LEE RHIANNON: Premier, you have plenty of advisers behind you.

Mr MORRIS IEMMA: You then asked me a question about the mistreatment of animals. I expressed concern about that. But, as I said to you, I have not been briefed on the issue. I cannot put it in any other way.

Ms LEE RHIANNON: You have 20 advisors behind you and \$40 million in public money has been spent on this venture. There are a number of issues to do with animal cruelty. It is questionable that Australian wildlife should be part of an exchange agreement. There is no model for breeding elephants in zoos successfully. This move is seen more and more as an excuse to get people through the gates of Taronga Zoo. Surely you would have some knowledge of this issue—and have been briefed about it—by now.

Mr MORRIS IEMMA: As I said, you asked me whether I had been briefed—that question also related to a briefing—and I have not been.

Ms LEE RHIANNON: You have answered many questions tonight about which you sought advice.

Mr MORRIS IEMMA: Taronga Zoo is part of Minister Debus's portfolio. You asked me whether I had been briefed on the matter and I have not.

Ms LEE RHIANNON: Do you agree that the capacity of the Opposition, crossbenchers and various minor parties in Parliament, such as the Greens, to ask questions on notice of Government Ministers was designed to be a cornerstone of open and accountable government?

Mr MORRIS IEMMA: Asking questions whether on notice or without notice is part of—

Ms LEE RHIANNON: Do you see it as a cornerstone of open and accountable government?

Mr MORRIS IEMMA: The whole parliamentary process is about accountability, whether they are questions on notice or questions without notice.

Ms LEE RHIANNON: Will you guarantee that you will enhance the quality of your Government by directing your Ministers to answer such questions more seriously to remedy the current situation whereby serious and well-considered questions are put to Ministers but often answered in an offhand, evasive and arrogant manner? I will give you an example. I asked a former Treasurer about T-Corp and his answer to a series of questions was:

I do not consider that such an exercise would be a productive use of public sector resources and taxpayer funds.

I have been in this place for about six and a half years and it is becoming increasingly difficult to get answers out of Ministers. Do you think this trend will reverse or change under your Premiership?

Mr MORRIS IEMMA: Ministers provide answers every day to questions without notice and on notice. There are forums of Parliament where Ministers do not respond.

Ms LEE RHIANNON: So you will not give a commitment that you will try to reverse what is clearly a downward trend in ministerial answers.

Mr MORRIS IEMMA: You are making a subjective assessment of Minister's answers. Ministers are required to answer questions—

Ms LEE RHIANNON: It is not subjective. There are just no answers. That is not subjective; it is quite objective.

Mr MORRIS IEMMA: I understand, Ms Rhiannon, that on occasions you have not liked the written answers provided to questions on notice. But it is a matter of personal opinion that you did not particularly like the answers that Mr Egan provided to you. Ministers are required to answer questions without notice during question time and there is provision for questions to be answered on notice. That is not going to be diminished in any way. Ministers provide answers on notice.

CHAIR: Your predecessor announced that 16 remote communities would be part of the River Towns project. Of those 16 towns, which have already received funding to address social and economic disadvantage?

Mr MORRIS IEMMA: The communities are in the Murdi Paaki region of New South Wales—Bourke, Brewarrina, Walgett, Wilcannia, Broken Hill, Cobar, Collarenebri, Coonamble, Dareton, Enngonia, Goodooga, Gulargambone, Ivanhoe, Lightning Ridge and Menindee. The purpose of the funding is to support the expansion, administration and management of community facilities.

CHAIR: I asked which communities have already received funding.

Mr MORRIS IEMMA: I will take that question on notice and find out which of them—

CHAIR: And indicate which ones have not yet received funding. Do Government members have any questions?

The Hon. AMANDA FAZIO: Yes, I have a question for the Premier. In relation to the Treasury portfolio, could you advise the Committee whether New South Wales is better off financially now than in 1995?

Mr MORRIS IEMMA: Yes, New South Wales is better off now. Since 1995 the Government has paid off approximately \$10 billion of debt left by the previous Coalition Government.

The Hon. MELINDA PAVEY: What was there in 1988?

Mr MORRIS IEMMA: I can provide the budget figures from between 1988 and 1995. From memory, I recall that seven budgets were delivered and six of those came in in deficit. Some \$10 billion in government debt was repaid and net government debt is now 1 per cent of gross State product, down from some 7.5 per cent. At the same time, our triple-A credit rating has been maintained. For the record, in 1988-89 it was \$602 million in surplus. Then came 1989-90, and a \$515 million deficit. In 1990-91 there was a deficit of \$1.2 billion. In 1991-92 there was a deficit of \$1.6 billion; in 1992-93, a deficit of \$1.2 billion; in 1993-94, a deficit of \$900 million; and in 1994-95, a deficit of \$611 million. That makes a cumulative deficit of \$5.4 billion. In comparison, in 1996-97 there was a surplus of \$110 million. In 1997-98 there was a surplus of \$6 million; in 1998-99, a surplus of \$408 million; 1999-2000, \$874 million; 2000-2001, \$733 million; 2001-02, \$1.2 billion; 2002-03, \$866 million; and 2003-04, \$402 million. That makes a cumulative surplus of \$4.4 billion. They are the budget figures since that time.

CHAIR: Thank you, Premier. Those of us who listened to Mr Egan for a long time regularly heard the same figures cited. Do Government members have another question?

The Hon. AMANDA FAZIO: No. I think the Premier has adequately addressed the issues in this area.

The Hon. GREG PEARCE: It is very impressive, Premier, that you can tell us the deficits under every other Treasurer but you cannot tell us the deficit under you. Perhaps if you had spent your time working on the current budget instead of trying to score cheap points you might be able to—

The Hon. AMANDA FAZIO: Do you have a question or are you just hectoring the Premier?

The Hon. GREG PEARCE: Yes, I have a question. How did you arrive at the 4,000 number that you announced for redundancies? That is obviously the first instalment on Michael Costa's 74,000. How did you get to that 4,000 figure?

Mr MORRIS IEMMA: That was a report of what I considered would be feasible. I could ask you the same question: How did you arrive at your 29,000 axe through the public sector? The figure is a response as to what I considered to be feasible in relation to voluntary redundancies. Given that the Department of Education and Training, with its restructure, gave about 700 and the area health services, with amalgamation, were looking at a figure of just over 1,000 positions, I felt that a figure of between 3,000 to 4,000 was achievable without affecting the sorts of areas that the Opposition's policy of 29,000 would affect—that is, teachers, nurses and police.

The Hon. GREG PEARCE: It is a recruitment freeze and it is not front line. You know that, so do not try to mislead the people listening.

Mr MORRIS IEMMA: You also know that, with State sector employee numbers at approximately 340,000, if you then take the exemptions of teaching, nursing and policing and other agencies—if you can trust the exemptions that your policy outlines—you are left with a figure of about 94,000. You may think you can get nearly 30,000—one in three—public servants but you will not realise that figure without, in effect, hitting nurses, police and teachers on the front line.

The Hon. GREG PEARCE: You had better tell that to your Finance Minister.

Mr MORRIS IEMMA: When you do the figures, you can see it is either one in three or, in effect, you will touch front-line nurses, police and teachers.

The Hon. GREG PEARCE: You said 700 positions for Education and 1,000 for Health. Where did you get the rest of the 3,000 to 4,000?

Mr MORRIS IEMMA: A restructure took place in Education and there is a current restructure in Health. That was an assessment of what would be feasible—something that would be achievable—and would not affect front-line services. That stands in good contrast to your policy of getting rid of nearly 30,000.

The Hon. GREG PEARCE: You have given us the figure of 1,700 people. But you claimed a little while ago that you did not know the numbers. Dr Gellatly sat there and claimed he did not know the numbers either.

Mr MORRIS IEMMA: The 700 is from an Education department restructure that commenced in 2004 and the Health figure is 1,000 from the amalgamation of area health services. You asked the question.

The Hon. GREG PEARCE: The 4,000 is the displaced number, is it not?

Mr MORRIS IEMMA: No, the 4,000 is not—

The Hon. GREG PEARCE: You just identified 1,700 of them.

Mr MORRIS IEMMA: That is just ridiculous. We are talking about voluntary redundancies. The report was about voluntary redundancies. It was a report on what I believed to be feasible for voluntary redundancies. My comment was "between 3,000 and 4,000" and you asked how I arrived at that figure. According to what is feasible and achievable, it is based on what has occurred with a restructure in one large agency.

The Hon. GREG PEARCE: We have got the answer.

Mr MORRIS IEMMA: You might not like the answer but this is the answer. With the Department of Education and Training and the health services, it is my view that between 3,000 and 4,000 voluntary redundancies are achievable without affecting front-line staff and front-line services—unlike your policy of nearly 30,000. The only way you will achieve that is to get rid of nurses, teachers and police.

CHAIR: Premier, am I correct in saying that you are making a distinction between voluntary redundancies and retrenchments?

Mr MORRIS IEMMA: I was only ever talking about voluntary redundancies.

CHAIR: Exactly.

The Hon. GREG PEARCE: Thank you for that. It is most enlightening. Dr Gellatly mentioned the senior executive service [SES] earlier. We discovered last year that the Government was getting around the SES issue in a couple of ways—for example, by putting on contracts people who were paid the same amount of money as SES employees. One department—I think it was your former Department of Health, Premier—had what it called "SES look-alikes". Can you tell me the number of public sector employees on the equivalent salary of an SES officer who are not classified as SES or signed up under the SES arrangements?

Mr MORRIS IEMMA: The SES positions as at 30 June 2005 totalled 855, which is a reduction of 579 since 1995.

The Hon. GREG PEARCE: My question is how many are on equivalent salaries.

Mr MORRIS IEMMA: That is a reduction of 400.

The Hon. GREG PEARCE: How many are on salaries equivalent to SES officers and are not SES officers?

Mr MORRIS IEMMA: There was a commitment to reduce the SES by 400 and, on the figures that I have just given you in relation to the SES, that target of 400 has been exceeded by 179.

The Hon. GREG PEARCE: Now try to answer the question I asked: How many are on salaries equivalent to SES officers and are not SES?

Dr GELLATLY: If you look at—

The Hon. GREG PEARCE: Thank goodness for Dr Gellatly!

Dr GELLATLY: As you well know, a workplace survey is conducted every year that gives the number of people employed in the public sector, based on various salaries. The number of people on more than \$95,000 per annum was 3.3 per cent. It is worth pointing out that 30 per cent were in the healthy policy sector: people such as doctors, staff specialists, directors of nursing. Similarly in the public order and safety policy area: some senior officers, employees, judges and magistrates. In the education policy sector: school principals and deputy principals. So there are a number of ways in which people are employed on salaries equivalent to the SES. They are identified by categories in salary ranges in that work force survey that we do every year. One thing I am certainly pleased about is that compared with the Commonwealth public sector we have a vastly smaller proportion of people in higher paid professions, and most of ours are actually people doing front-line jobs like in the health, police and justice systems.

The Hon. MELINDA PAVEY: What was the raw figure for those who are not labelled SES but earning in the same vicinity as an SES position?

Dr GELLATLY: I can get you that figure on notice. It is published in the work force survey every year.

The Hon. GREG PEARCE: Thanks, I am glad the Premier heard that. Would you provide the salaries for Mr Kaiser, Mr Gadiel and Mr Raper?

Dr GELLATLY: I do not think there has been any negotiation on remuneration for Mr Kaiser. I am sure that will happen at some stage. I will find out figures in relation to Mr Gadiel. Chris Raper is on the standard, whatever it is, for that senior executive service level. It is in our annual report, I think.

The Hon. MELINDA PAVEY: Premier, could you provide the total cost of redundancies for staff who left the Premier's office following the resignation of Bob Carr, Craig Knowles' ministerial office after he resigned, and Andrew Refshauge's ministerial office after he resigned?

Mr MORRIS IEMMA: Yes, I will take that on notice and provide you with the information.

The Hon. AMANDA FAZIO: Could you also provide the Committee with information on the attempted claim for redundancies by staff of the former Leader of the Opposition?

Mr MORRIS IEMMA: Yes, I can provide the information on the pay for those who left the staff of the former Leader of the Opposition. They are employed as special temporary employees and as such their services may be dispensed with at any time. Where the services of such an employee are terminated, severance pay is payable in accordance with policy which is administered by the Premier's Department. I can take it on notice and get the detail of the payments. The severance pay in such circumstances is a well-established feature of their employment conditions. The same arrangements apply to the staff of those Ministers that the Hon. Melinda Pavey mentioned and the former Premier. It is the same arrangement that applies to Leaders of the Opposition who are employed under the same statutory provisions.

The scale for severance payments is based on the length of continuous service in the New South Wales public sector on a scale that provides two weeks pay for each year of equivalent full-time service, up to a maximum of 13 years. Provision is made for additional payments in lieu of notice, and provision is also made for payment of accumulated leave entitlements. They are the conditions. They are the payments that would be made. I will take the question on notice and provide you with the figures.

The Hon. MELINDA PAVEY: Have you ever heard the expression "blue room" used to describe where SES and displaced employees are?

Mr MORRIS IEMMA: No.

The Hon. GREG PEARCE: Has the Premier's Department or Treasury any procedure or any policy requirement in place to monitor requests from departments or agencies for new positions?

Mr MORRIS IEMMA: There is a procedure that is put in place in relation to that matter. Agencies are required to seek Premier's Department approval for filling administrative positions.

The Hon. GREG PEARCE: Is that something that has been put in place since you became Premier or was it there earlier?

Mr MORRIS IEMMA: No, that was there earlier.

Dr GELLATLY: In terms of the senior executive service [SES] staff, there is a profile that we monitor centrally and each agency has to seek approval if they want to vary that profile and have extra SES, because we have been monitoring SES positions. The establishment under the Public Sector Management Act is by each department head. The main method of monitoring total staffing in terms of graded positions and other employment arrangements is through the budget process which Treasury monitors on a monthly basis, receiving reports through a combination of those factors. We also have when people want to fill front-line positions, as I mentioned earlier, they are required to register with both Treasury and Premier's Department. From a Treasury perspective there is an indication given whether they believe there are funds available to fill the position, and then we provide advice on whether there is a redeployed, displaced person available to fill that position before it goes to advertising. Overall there are a number of measures in place, except for SES. The bottom line is that the establishment under the Public Sector Management Act is kept by the agency head.

The Hon. GREG PEARCE: It appears there are a number of public service pay rises in excess of the 3 per cent target in the budget. Are those pay rises related to productivity improvements? If so, what monitoring do you undertake to ensure that those productivity improvements are met? How do you choose the level of productivity improvement that you want?

Mr MORRIS IEMMA: The Government's policy is to maintain real wages for its employees, which presently provides increases of up to 3 per cent. There have been a number of increases that were higher than expected, due to successful claims that were brought, in particular, in the Industrial Relations Commission [IRC]: the nurses decision and the previous teachers decision. The Government has had to abide by those decisions. The Public Service Association, the Health Services Union, the Police Association and the Fire Brigades Employees Union have settled claims for increases of 3 per cent plus 1 per cent per annum for four years. Those agreements are not in conflict with the wages policy, they correspond to 3 per cent per annum in accordance with the policy and an additional 1 per cent for four years to extinguish prior work value and special case claims lodged in the IRC.

In each case the Government was convinced that the evidence demonstrated significant work value changes and past productivity improvements, which would have been likely to lead the commission to award increases above the policy. The most recent claim of nurses was settled by the Industrial Relations Commission and resulted in an increase of 3 per cent, 3 per cent: and 4 per cent, 4 per cent, for an increase of 14½ per cent over 3½ years.

CHAIR: The committee has determined that we look forward to receiving answers to questions on notice within 14 days, but certainly no later than 35 calendar days. I would hope that departmental officers will be available for further hearings if they are required.

The Committee proceeded to deliberate.
