

GENERAL PURPOSE STANDING COMMITTEE No. 3

Friday 16 September 2005

Examination of proposed expenditure for the portfolio areas

EMERGENCY SERVICES, LANDS, RURAL AFFAIRS

The Committee met at 11.30 a.m.

MEMBERS

The Hon. A. R. Fazio (Chair)

The Hon. P. J. Breen
The Hon. J. C. Burnswoods
The Hon. R. H. Colless

The Hon. D. J. Gay
The Hon. J. Jenkins
The Hon. E. M. Obeid

PRESENT

The Hon. A. B. Kelly, *Minister for Justice, Minister for Juvenile Justice, Minister for Emergency Services, Minister for Lands, and Minister for Rural Affairs*

NSW Rural Fire Service
Mr P. Koperberg, *Commissioner*
Mr P Hennessy, *Director, Finance*

NSW Fire Brigades
Mr G. Mullins, *Commissioner*
Mr D. Bailey, *Director, Finance*

State Emergency Service
Brigadier P. McNamara, *Director General*
Mr J. Heath, *Manager, Finance and Administration*

Department of Lands
Mr W. Watkins, *Director General*
Mr B. Costello, *Director, Business Performance*

NSW State Emergency Management Committee
Major General H Howard, *Chairman*

CHAIR: Before questioning of witnesses commences, I remind Committee members that we have previously authorised the public broadcasting of these proceedings. Should it be considered that the broadcasting of these proceedings be discontinued a member would be required to move a motion accordingly. At an earlier deliberative meeting we determined that we would deal with the portfolio areas of Emergency Services, Lands and Rural Affairs in the following way: We will deal with Emergency Services for the first hour and we will deal with Land and Rural Affairs for the second hour. I advise of the late substitution of the Hon. Rick Colless for the Hon. Charlie Lynn.

I declare the meeting open to the public. I welcome you to this public hearing of General Purpose Standing Committee No. 3. First, I wish to thank the Hon. Tony Kelly, MLC, and departmental officers for attending today. At this meeting the Committee will examine the proposed expenditure for the portfolio areas of Emergency Services, Lands and Rural Affairs. For the benefit of the media I point out that in accordance with the Legislative Council's guidelines for the broadcast of proceedings, which are available from the attendants and clerks, 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 or 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 their staff are advised that any messages should be delivered through the attendants on duty or the Committee clerks.

As I advised, we have agreed that we would spend the first hour on Emergency Service and the second hour on Lands and Rural Affairs. Will that suit the requirements of your officers, Mr Kelly?

The Hon. TONY KELLY: Yes, thank you.

CHAIR: I propose that we have questioning in blocks of 20 minutes: 20 minutes for the Opposition, 20 minutes for the crossbench and 20 minutes for the Government, if they wish to ask any questions. Would you like to make an opening statement, Minister?

The Hon. TONY KELLY: I want to make a brief statement to give some overall facts and figures which might save some questions later so that you can be more specific. This year the Government has delivered its eleventh record Emergency Services budget, a total of \$700 million. This funding will ensure that our emergency services, including New South Wales Fire Brigades, the Rural Fire Service and the State Emergency Service [SES], are equipped and trained for the vital work of protecting the State's families, businesses and visitors. This year's budget is an increase of \$34 million, or 5 per cent over last year's budget. The New South Wales community rightly has great confidence and pride in our emergency services, whose members perform their demanding jobs with dedication, courage and professionalism. The \$700 million we are investing this year will ensure our firefighters and SES volunteers have the first-rate equipment, training and resources they need to operate safely and effectively.

This year the budget includes funding to continue upgrading the services fleet with \$46 million allocated for more than 200 bushfire tankers, 52 new fire appliances and 39 SES response vehicles. The Fire Brigades budget is a record \$489.5 million, which will include funding for 52 extra firefighters, 52 new fire engines—not necessarily allocated to the 52 people—six Hazmat vans and other vehicles, and enhancing counter-terrorism measures and firefighter safety. The Rural Fire Fighting Fund is set at \$140.2 million, another record, and includes a fund for about 200 new and reconditioned bushfire tankers, new and upgraded brigade stations, and equipment and hazard reduction work. The budget for the SES, this year marking its half century of service to this committee, is an all-time high of \$40.6 million, which is a substantial boost of \$6.3 million or 18 per cent over last year. This funding means better protection for our emergency services personnel and the community.

I will give some specific details for each of the services. The New South Wales Fire Brigades budget of \$489 million is an increase of \$16.1 million over last year. It is \$248 million, or 103 per cent, more than in 1994-95. It includes \$18 million to upgrade the vehicle fleet with 52 new vehicles, including 38 fire engines, two high-rise fire engines and six Hazmat vans; \$8.25 million for firefighter safety and counter-terrorism measures, including gas suits and detectors, and thermal imaging

cameras; \$7.4 million to build, renovate and maintain fire stations; \$3.5 million to employ 52 new full-time firefighters and \$300,000 for new community fire units of residents to support firefighters during bushfires, continuing the four-year \$1.2 million program. The Rural Fire Service budget is \$140.2 million, which is an increase of \$6 million on last year. That is an \$89.4 million or 176 per cent increase over 1994-95. It includes \$27.4 million for 200 new and high-quality refurbished bushfire tankers; \$47.4 million in brigades equipment and maintenance, and operating costs; and \$3.4 million to build and upgrade remote stations and fire control centres.

A further \$2.74 million will be provided under the joint State and Commonwealth Bushfire Mitigation Program for fire trail construction, maintenance and signage work. The State Emergency Service budget of \$40.6 million is an increase of \$6.3 million, or 18 per cent, over last year. It is \$26 million or 182 per cent more than 1994-95. It includes \$4.7 million for upgrading computers and other information technology, radio systems and paging equipment for the units; \$2.1 million to provide rescue equipment, including 20 flood boats and road rescue gear and to assist with the cost of 39 emergency response vehicles; \$900,000 for a new operations and communications centre to be staffed around the clock seven days a week to deploy SES units to an emergency; and \$300,000 to assist with celebrations for the service's fiftieth anniversary, and I will tell you little bit more about that later.

The Hon. DUNCAN GAY: First of all I acknowledge, as the former shadow Minister for Emergency Services, Major General Howard, who may have told you that on my first day as the shadow Minister I went to visit him at his premises. As I was driving there my leader was giving him a good bagging.

The Hon. TONY KELLY: You got a good reception?

The Hon. DUNCAN GAY: I got a terrific reception, as you would expect. Having said that, my question is to Commissioner Koperberg. When do you complete your contractual period as Commissioner, your current contract?

Mr KOPERBERG: My contract expires, I think from memory, on 14 September 2007.

The Hon. DUNCAN GAY: Do you wish to remain beyond that?

Mr KOPERBERG: Yes, I do.

The Hon. DUNCAN GAY: Minister, have you been briefed on a plan that is in the Premier's office to merge the two fire services when Mr Koperberg retires, bringing both under Mr Mullins?

The Hon. TONY KELLY: No. I am not aware that any plan exists.

The Hon. DUNCAN GAY: Why would they not brief you?

The Hon. TONY KELLY: I am not aware that any plan exists. I am not conceding that your proposition is correct. There is no intention to merge the two.

The Hon. EDDIE OBEID: I thought we were in government, not you.

The Hon. DUNCAN GAY: You can ask questions too, Eddie. Commissioner Mullins, have you had informal discussions with anyone about a single merged fire service?

The Hon. TONY KELLY: I have had some briefing on it, but it was a briefing over a proposition by the Opposition. I cannot remember whether it was Pickering or Terry Griffiths who proposed it many years ago. That is the only conversation anyone has had with me. It was an Opposition proposition once, but it has been ruled completely out of the question by us.

The Hon. DUNCAN GAY: I remember that. Commissioner Koperberg was there.

Mr MULLINS: The answer to that question is no. I have no knowledge of what you spoke of before. The only informal discussions I would have ever had were with my colleague Mr Koperberg. There is no plan that I know of.

Mr KOPERBERG: And that was more about taking over the SES anyway.

The Hon. DUNCAN GAY: Commissioner Koperberg, how many staff have been investigated for credit card misuse?

Mr KOPERBERG: I am currently aware of two staff being investigated. These investigations are being done at arm's length. Invariably we employ arm's-length organisations to do this, principally the Internal Audit Bureau of Treasury, to ensure that there is no subjectivity about the nature of these investigations. In the main these revolve around travel and inappropriate use, or alleged inappropriate use, of government petrol cards and, in one instance, a credit card. Both these investigations are in progress and they are being done, as I said, at arm's length from the department.

The Hon. DUNCAN GAY: Does this include senior staff? You indicated that it involves travel, but does it also involve equipment, meals and garden shed purchases, et cetera?

Mr KOPERBERG: Not a garden shed purchase as such. As I said, there are two being investigated for alleged misuse of credit or petrol cards. In the third case an officer made some procurements using a local government council order. That offence has since been conceded and the officer has been disciplined and demoted, and has been assigned to another position. The officer has also made good the losses incurred, which were relatively minor. There were some hundreds of dollars involved.

The Hon. DUNCAN GAY: Does this involve senior staff, or what level of staff?

Mr KOPERBERG: There are three cases, as I said—one in relation to inappropriate procurement and two in relation to travel and a credit card. It is all three levels. One is the middle to upper level management in terms of being a regional manager. The other two are at district manager level.

The Hon. DUNCAN GAY: What sort of money is involved?

Mr KOPERBERG: As I said, in the last case I cited, it would be no more than \$500, and recompense has been made by the offending officer. As I said, the offence has been conceded by that officer.

The Hon. DUNCAN GAY: You mentioned that one officer had been demoted already. There are a couple of questions arising out of this. Did you consider dismissal? Why did you not go ahead? If this demoted officer had a car, did he or she retain their car and did they retain their salary level?

Mr KOPERBERG: I do not know how long it has been since you have tried to dismiss anyone from the public service, but the offence did not warrant dismissal. The defence mounted in this particular case was almost plausible in terms of an error having been made. The loss that the department incurred, which would have been around the \$500 mark, was made good by the offending officer. The offending officer conceded the offence and dismissal would have been a punishment not befitting the crime, so to speak. It is too early to speculate upon the others because they are still under investigation.

The Hon. DUNCAN GAY: Minister, were you aware of this?

The Hon. TONY KELLY: That last one I was not, the earlier one—some of the other ones, I have been.

The Hon. DUNCAN GAY: Did you consider making a public statement on the matter?

The Hon. TONY KELLY: No. These are internal operational matters.

The Hon. DUNCAN GAY: But you must be disappointed.

The Hon. TONY KELLY: The public service is a huge organisation and people in the public service are no different to the general community. They are part of the general community. There are all levels of people in the public service.

The Hon. DUNCAN GAY: Did you back the action that has been taken?

The Hon. TONY KELLY: Obviously there is no action on the two ongoing ones, but, yes, I do. It is internal. It is a matter for the commissioner.

The Hon. DUNCAN GAY: Commissioner, how do you describe this as a plausible mistake? Would I be correct in assuming that there may have been a shed erected in an officer's back yard?

Mr KOPERBERG: I am not aware of that, Mr Gay. The offence alleged to have been committed on the part of the case in question was procurement of a gas bottle full of LPG and some minor equipment, such as gardening gloves and ancillary bits and pieces. I have no knowledge of the procurement of materials to buy a shed, or a shed which you suggest has been erected. I have no knowledge of that. I will take the question on notice, if I may, and investigate it further.

The Hon. RICK COLLESS: Minister, can we turn now to the issue of fire stations. In 1997, the then Minister made a statement in the Legislative Assembly that 12 new fire stations would be built. From our research, we can only identify five of them that still have not been constructed. Do you have any explanation as to why that has happened?

The Hon. TONY KELLY: Are you talking about New South Wales Fire Brigades fire stations?

The Hon. RICK COLLESS: Yes.

The Hon. TONY KELLY: I will hand over to Commissioner Greg Mullins to answer that, but my understanding is that we are getting very close to the end of that program that was announced earlier. There are some, obviously, in the program that are still to be built, but we are along the way in the process. Greg might have some specifics.

Mr MULLINS: I think the 12 stations you referred to were in what we call the greater Sydney area fire station building program that was announced in late 1996. They are outer suburban stations in Sydney. Since 1995 or 1994, I believe that we have actually built 27 new fire stations throughout the State. I have been trying to tote up in my mind very quickly the Sydney stations. I believe we opened Cranebrook fire station about three weeks ago. I think that was the last one in the program, and I believe that all 12 in Sydney have now been constructed. There are a number of other new fire stations on the Central Coast, a number in Newcastle and some growth areas on the North Coast and some replacement fire stations around the State. I believe it is 27 over the past 11 years.

The Hon. RICK COLLESS: What about Marayong? Has that been opened?

Mr MULLINS: Yes. That was the relocation of the Blacktown fire station. That was opened probably in 1997 or 1998.

The Hon. JAN BURNSWOODS: So the Opposition's research is eight years out of date. That is almost a record.

The Hon. RICK COLLESS: You will have your chance to ask questions a little later, so if you would be quiet while we are asking questions, I would appreciate it.

The CHAIRMAN: Order! I like to control a nice, quiet Committee.

The Hon. RICK COLLESS: Commissioner Koperberg, why was the region north business manager, Katie Clayton-Vincent, relieved from duty for two weeks?

Mr KOPERBERG: The short answer is that I do not know, but I will take it on notice and provide the Committee with a response, if I may.

The Hon. RICK COLLESS: Could you please do that, and we would like to know whether or not she was suspended and what the circumstances surrounding the suspension might have been.

Mr KOPERBERG: I will make inquiries and submit the response to the Committee.

The Hon. RICK COLLESS: In relation to hazard reduction burning in New South Wales, how many hazard reduction burns were planned in 2004?

Mr KOPERBERG: In the year 1 July 2004 to 30 June 2005, bearing in mind these are reporting years, some 4,410 separate operations were completed. This amounted in hectare-age to some 385,426 hectares having been treated by one form or another. The various forms include prescribed burning, mechanical clearing, grazing and so forth. During the current season—and we only have statistics up to about the middle of August or late August for the obvious reason that the returns are not in yet—some 264 separate operations have been completed and some almost 5,000 hectares have been burnt. Returns on other forms of fuel reduction are not in yet. They include, as I said, mechanical clearing or grazing. They will be reported during the course of the year.

The Hon. RICK COLLESS: You have given us the completed figures. How do those completed figures relate to your planned figures?

Mr KOPERBERG: I do not have the planned figures to hand but invariably we would complete somewhere between 40 per cent and 50 per cent of what we set out to do. Having said that, we tried to set the bar fairly high, for obvious reasons—to try to achieve as much as we can—but there is an almost infinite range of impediments, and they do not relate only to rain. In some cases, because of the drought conditions, the bushland is in fact too dry to burn. That would cause some potential danger to neighbours and what-have-you. The number of very, very cold and moist nights has also been an impediment, as they are every year—there is nothing new in this—to doing this work. We have to consider wind direction. We call it prescribed burning for that very reason: It is a very prescriptive operation. If the wind is blowing in the wrong correction and is likely to be injurious to the health of nearby residents, obviously we curtail our activities as well. As I said, there is almost an infinite range of impediments to the operation. If we achieve in any given year somewhere between 30 per cent and 50 per cent of our targets, we regard ourselves as having done fairly well.

The Hon. TONY KELLY: You might recall last year—I think it was in July—it was particularly dry and particularly windy and they had to cancel quite a number of them.

The Hon. RICK COLLESS: That 385,000 hectares in the last reporting year that you advised us of, what sort of land tenure was that on? Was it across a range of land tenures or was it mostly national parks?

Mr KOPERBERG: It was across a very large range of tenures. National parks, State forests and private lands were probably the three largest tenures we had to deal with, but it extends also to private lands, of course, and water catchment lands, council reserve lands, and so forth. All of these operations are planned through district bushfire management committees on which all the landholders, including local government, are represented. So we do it in such a way as to minimise the exclusion of particular lands. Clearly we focus in this day and age on having a more constructive outcome, not so much on purely achieving hectare-age but rather on the strategic value and the strategic proximity of what we do to the assets which are most likely to be vulnerable in the event of a wildfire. If prescribed burning or fuel modification or hazard reduction—call it what have you will—is to yield tangible results, then over the years you will see a greater concentration on a strategic approach to it, in other words, burning as closely as we can to the very assets which come under threat from fire rather than just a more piecemeal approach and producing large hectare-age, which do not achieve a significant result in terms of asset protection.

The Hon. TONY KELLY: In relation to your first question, Commissioner Mullins has some additional information on the amalgamation of the two services.

Mr MULLINS: It took me a bit by surprise because I had not heard anything about that.

The Hon. TONY KELLY: And he has some information about the 12 fire stations.

Mr MULLINS: Yes. Look, I would say that back after the 1994 bushfires the Coroner, John Hiatt, held an inquiry into the fires and recommended amalgamation. The Government at the time rejected the recommendation for the amalgamation and decided to have a two fire service policy or two complementary fire services and formed the joint fire services committee and mutual aid agreements. In formal discussions that Commissioner Koperberg and I have had, which I have referred to, we basically spoke about how well that is working. We went through a process of ticking off the issues raised by Coroner Hiatt. I will not say "all", because there might be some I have missed, but from memory just about all of them have been dealt with in the intervening years. In relation to the fire stations—I am sorry but I just went through it in my mind. All 12 in Sydney have been built. The confusion with Marayong was that we relocated Blacktown and we still call it Blacktown fire station, but it is at Marayong.

The Hon. RICK COLLESS: I think there might have been a couple of others in that same collection.

Mr MULLINS: Seven Hills. Tradition dies hard in the fire brigade and Gordon fire station is actually in Pymble. But there used to be a fire station in Gordon 100 years ago, so you would be correct—some of the station names go with them.

The Hon. JON JENKINS: Welcome, Commissioner Koperberg. We actually worked together. I was in the Winnalee Fire Brigade for many years with Bill Knapp.

Mr KOPERBERG: Then we both have something to answer for, don't we?

The Hon. JON JENKINS: I wish to follow up on some of the issues related to strategic burns. Leaving aside issues of conservation and concentrating purely on asset protection, if you are going to look at this from a purely strategic point of view, that means you must have a very efficient system of fire trails, which allows you access to the internals of these areas, that are cleared, mapped, well known and acknowledged turnaround points.

I am sure you know of the terrifying experience of heading down into a fire with a fully loaded tanker and not knowing whether you can turn around and get out quickly. Is this an essential part of what is required for those strategic burns?

Mr KOPERBERG: To a point it is, of course. I remind the honourable member that when implementing a prescribed burn, as opposed to dealing with a wildfire, the threat is obviously diminished.

The Hon. JON JENKINS: Sometimes.

Mr KOPERBERG: It is diminished, let us not eliminate it. Since one is using fire in a prescribed environment, one does not need the same levels of protective mechanisms as we would when dealing with a wildfire. Quite often, for argument's sake, if one is carrying out a prescribed burning behind a street, a hand-tooled trail will suffice. A trail a metre wide would suffice, whereas a trail a metre wide would not suffice when dealing with a major wildfire, for obvious reasons. But a network of trails, tracks and what have you, and being in such conditions as to allow you to carry out the operation, is obviously an important ingredient.

The Hon. JON JENKINS: It is obviously critical in an emergency situation. It can be absolutely critical for saving property and lives.

Mr KOPERBERG: For getting access to the fire, yes.

The Hon. JON JENKINS: What part of your budget was spent on fire trail maintenance, access, mapping, geographical information systems, anything like that?

Mr KOPERBERG: We do not actually own any fire trails, therefore we do not have any responsibility to maintain them. However, these trails, as you know, appear on managed lands such as those of national parks, State Forests, water catchments, the Department of Lands, and so forth. Each agency has a budget to deal with fire trail maintenance. Over and above that there is an augmentation program that is contributed to equally by the State and Federal governments by some \$1.58 million. That money is distributed on a needs basis through the Bushfire Co-ordinating Committee. Clearly, we provide guidance to the land management agencies as to the priorities as we see them. This money is part of a national campaign for upgrading, better signs, fire trails, and what have you.

Of course, throughout the State there are literally thousands and thousands of kilometres of fire trails. Some of them have more strategic value than others; some serve different purposes. It is not always possible to predict which fire trails are most likely to play a critical role, because we do not know where a fire is going to be. I ensure, to the best of my ability, that those trails that we suspect are most frequently used by firefighters from many agencies, are the ones that receive the greatest focus by land managers.

The Hon. JON JENKINS: Leaving aside trail and track maintenance—

The Hon. TONY KELLY: As a supplementary answer to that: in the first year of operation of that jointly funded State-Commonwealth project, there were 460 projects which covered 956 fire access roads, which represented more than 6,300 kilometres of fire trail. That has been approved.

The Hon. JON JENKINS: What is the mechanism within the Rural Fire Service, taking into account local knowledge? You and I know that local people who fight fires know the history of how fires occur and where they run; they know which fire trails are strategic. What is the mechanism within the Rural Fire Service for allocating funds, resources, to those critical trails that you know you will need at some time?

Mr KOPERBERG: We have district bushfire management committees set up all over New South Wales, covering all lands in New South Wales. Those committees are comprised of local firefighters, local volunteers indeed serve on those committees, as do local government, State Forests, National Parks, Police and a whole range of other people. We require that they identify in their annual budget process those works which they regard as being high priority. They are submitted to the Rural Fire Service and funds are allocated according to need and availability. The distribution of those funds, whether they be RFS funds or part of the National State Mitigation Program, are endorsed by the Bushfire Co-ordination Committee. All the peak bodies are represented on that committee.

The Hon. JON JENKINS: I presume you would acknowledge that there has been considerable unrest within the volunteer services this year. It has been a longstanding problem and I am sure you are aware of it, as I am. This has led to the creation of a separate volunteer representative organisation. Have you perceived that unrest within the service?

Mr KOPERBERG: I do not for one moment concede that there is considerable concern within the service. I spend a lot of my time on the coast and in country New South Wales. In fact, in just over a week's time I will be in Tenterfield and Glen Innes. A week ago I was in the central west. The Minister and I were in Wellington a week ago. We do lot of pastoral work and conduct regular volunteer forums throughout New South Wales. We meet regularly with the legislatively recognised representative group, the Rural Fire Service Association of New South Wales. We met with their senior executive only 24 hours ago. I am not getting any feeling of undue concern from the rank and file.

It is true that another group, whose agenda appears far from clear, has been established. It has brought into its ranks individuals who, for many years, have had one concern or another about something. I invite the honourable member to visit their web page—and if he can work his way through it he is a better man than I am. Their constitution apparently reflects the SES constitution; they have not even been able to work out the Rural Fire Service.

The Hon. JON JENKINS: Have you met with them?

Mr KOPERBERG: Yes, I have met with Mr Cannon, their self-proclaimed president, on a number of occasions. I have repeatedly, both privately and publicly, offered to meet with that organisation. The response has been that they will meet with the commissioner when they want to. The invitation stays open. Moreover, to put this whole thing into perspective, from what I can understand their membership comprises some 20 people—the web site is a good indication of that—but let us assume it is 50. There are 70,000 volunteers in the New South Wales Rural Fire Service, the majority of whom have steadfastly endured the modernisation of the service. They have not all agreed but they have understood the need for it and respected the change and the support given to it by government.

It is obvious that in a group of that magnitude you will have some people who will not agree and who will want to take another tack. That organisation, if that is what it is, that handful of people, wants to take another tack, but they do not want to negotiate their concerns. It is far more convenient for them to try to gain some profile by appearing in the media slamming the Government, slamming the National Parks and Wildlife Service, or, for that matter the RFS. The bottom line is that there is a standing invitation to the executive of that organisation to meet me at a place chosen by them or in my office to discuss these issues.

The Hon. Duncan Gay: What is wrong with that?

Mr KOPERBERG: Depends on what you want to achieve, I suppose. Nothing, if you do not want to achieve anything. To be perfectly frank, I cannot take concerns on board if I do not know what they are. And they have steadfastly refused to tell me their concerns.

The Hon. TONY KELLY: One of their original concerns was the chairmanship of the local organisation, that the chair was a paid-up officer of the Rural Fire Service. At their last conference they elected a volunteer, with whom I met, and I met him even before he got home from the conference.

The Hon. JON JENKINS: That is one of the issues I was concerned about.

The Hon. TONY KELLY: It certainly was one of the main issues; that is why they have not received a lot of support.

CHAIR: Are there any Government questions?

The Hon. JAN BURNSWOODS: Not at this stage; perhaps later.

CHAIR: We will now take Opposition questions for another 20 minutes.

The Hon. DUNCAN GAY: Minister, how many displaced employees does each of your departments have?

The Hon. TONY KELLY: As far as I am aware, none. Yes, I have been advised there are none.

The Hon. DUNCAN GAY: Do any of your organisations have people who are displaced but not elected, that is, not registered? Do you have any of those?

The Hon. TONY KELLY: I am not aware of any. What do you mean by not registered? Do you mean not on a register?

The Hon. DUNCAN GAY: Yes.

The Hon. TONY KELLY: My understanding is that there are no displaced ones, whether they are on a register or not.

The Hon. DUNCAN GAY: Commissioner Koperberg, how many overweight or unroadworthy vehicles remain in the fleet?

Mr KOPERBERG: For one horrible moment I thought you were asking about people. You must have noticed that I have slimmed down considerably, and I would be happy to share my diet with you. Currently there are no unroadworthy vehicles operating. We had a period during which local government elected to build a number of small tankers, predominantly what we call striker units. Because local government built them, and in some cases did not adhere to the Rural Fire Service specifications, apparently the temptation to put as much equipment and water on those vehicles as could possibly be accommodated was overwhelming to them. That resulted in us discovering, during routine testing, which we do, that a number of those were overweight.

The Hon. DUNCAN GAY: How many?

The Hon. TONY KELLY: By overweight, do you mean if fully loaded?

The Hon. DUNCAN GAY: Yes.

Mr KOPERBERG: The total is 44.

The Hon. DUNCAN GAY: Are they all in one class?

Mr KOPERBERG: Yes, category 9 tankers, all built by the same builder.

The Hon. DUNCAN GAY: Who is that builder?

Mr KOPERBERG: Madam Chair, is this commercial-in-confidence? I need some guidance.

CHAIR: Can I just say that it—

The Hon. DUNCAN GAY: Has Yamba Engineering been asked to cover the cost of any remediation work on vehicles?

Mr KOPERBERG: I know that local government has. Certainly we have made money available to carry out remedial work on these tankers. No, the manufacturer, I suspect, would not have because the manufacturer built these according to the designs submitted to it by local government. I suspect, although I am not sure, that the manufacturer complied with the client's wishes in this regard.

The Hon. DUNCAN GAY: So local government orders your vehicles?

Mr KOPERBERG: No, not any more.

The Hon. TONY KELLY: It no longer orders these.

The Hon. DUNCAN GAY: Local government ordered 44?

Mr KOPERBERG: Yes.

The Hon. DUNCAN GAY: You did not check the plans before they went in?

Mr KOPERBERG: No. The instruction to local government was any vehicle built locally and not through the contractual system to which we adhere—local government is at liberty to do this—must be built to our specifications.

The Hon. DUNCAN GAY: I understand that. If you follow that to its logical conclusion you are talking about local government. There used to be 172 councils. I am not sure how many there are now.

The Hon. TONY KELLY: There are 152.

The Hon. DUNCAN GAY: You said 44 were ordered. That indicates that a single order was put in?

Mr KOPERBERG: No, not at all. We supply a vast array of categories to meet specific needs. This manufacturer offered an alternative—aluminium as opposed to steel construction—that we favoured.

The Hon. TONY KELLY: That was not on the contract.

Mr KOPERBERG: It was not on the contract. Local government has the ability either to fund or to seek reimbursement for equipment it wants to procure locally. So a number of local government councils that wanted this type of tanker submitted orders with this manufacturer.

The Hon. DUNCAN GAY: When did that happen?

Mr KOPERBERG: Over a period of years. It was over the last seven or eight years.

The Hon. DUNCAN GAY: How long did it take you to notice that they were overweight? Did it take you eight years?

Mr KOPERBERG: No.

The Hon. DUNCAN GAY: Why did you not stop them earlier?

Mr KOPERBERG: Because we did not know. There is nothing to suggest, unless you submit a vehicle for a test, that it is overweight. There was no reason for us to suspect that these vehicles were overweight but there was every reason for us to believe that they had been built in accordance with our specifications. Had they been so built they would not have been overweight. During routine Roads and Traffic Authority [RTA] testing we began to find that some of these vehicles, when fully laden, were overweight.

The Hon. DUNCAN GAY: Where are they now?

The Hon. TONY KELLY: RTA testing is only a fairly recent occurrence. Bushfire vehicles are not registered and did not get that clearance until two or three years ago I think.

Mr KOPERBERG: The vehicles that are in service are not unroadworthy because we have issued operating instructions to reduce the weight load on them in a number of categories. Water is one.

The Hon. DUNCAN GAY: Are they all in service?

Mr KOPERBERG: So far as I know they are all in service but they are being used in accordance with our modified operating instructions to ensure they are not overweight.

The Hon. TONY KELLY: That is the point that was made earlier about them being fully laden. If they are not fully laden and they operate in accordance with the new instructions they are quite legal from the RTA's point of view.

The Hon. RICK COLLESS: How many new fire tankers were purchased by the RFS in the past financial year? I am not referring to refurbished tankers; I am referring to brand new ones.

The Hon. TONY KELLY: There are about 200 new and refurbished tankers. Of the 205 last year we think about 150 were new.

The Hon. RICK COLLESS: So with those 55 that were refurbished, what is the nature of the refurbishment?

Mr KOPERBERG: What we mean by "refurbished" is that we will often buy a second-hand cab chassis that is in good condition and capable of transporting a fire engine body for many more years, and we construct on that second-hand cab chassis a new body, a new tank, a new pump, hose reels and ancillary equipment. That is a refurbished tanker. "New" refers to all the components being

new. I ask the honourable member to bear in mind that in many parts of New South Wales these tankers do very little in the way of mileage. They might see one or two operations a year. They might travel no more than 40 or 50 kilometres. In any event, we regard those cabs and chassis that we purchase as being capable of being used for that purpose for a significant number of years and travelling tens of thousands of kilometres.

The Hon. RICK COLLESS: What was the cost of the new tankers that you purchased last year?

Mr KOPERBERG: Again it depends on the category. There are seven or eight categories. Suffice it to say that in the last couple of years—

The Hon. RICK COLLESS: Do you have a total figure?

Mr KOPERBERG: It was \$27.4 million for new and refurbished tankers.

The Hon. TONY KELLY: For this year's budget.

The Hon. RICK COLLESS: That is for this year's budget?

The Hon. TONY KELLY: Yes.

The Hon. RICK COLLESS: Of that \$27 million, how much is provided by council?

The Hon. TONY KELLY: It was \$25.5 million last year so it has gone up \$2 million.

The Hon. RICK COLLESS: How much of that cost is provided by councils and communities?

Mr KOPERBERG: The amount of 13.3 per cent is councils' contribution to all equipment and services.

The Hon. TONY KELLY: As per the legislation. So it is done through the fund.

The Hon. RICK COLLESS: There have been problems in the past with cracked chassis in Isuzu tankers, has there not?

Mr KOPERBERG: Yes.

The Hon. RICK COLLESS: What is the total number of cases where that has occurred?

Mr KOPERBERG: We detected somewhere of the order of seven or eight per cent. This is really not a big problem in as much as those chassis cracks do not constitute a danger to their continued use, to the occupants, or to anything else. They are relatively small and they invariably occur around the tank mountings. These are normal engineering consequences of continual modification and improvement. We are working closely with Isuzu and other engineering entities to repair them as they appear. We have introduced a regime of inspections. It is pretty hard to find these things; they are not obvious.

The Hon. RICK COLLESS: Where do the cracks occur?

Mr KOPERBERG: In the chassis rails in the vicinity of the tank mounting.

The Hon. RICK COLLESS: Is it a fault with the chassis of the truck, or is it something that is induced when the fire body is put on it?

Mr KOPERBERG: The problem is that the trucks on which we mount our fire tankers are designed for road use. They are the trucks you see going up and down the Hume Highway. Very few, if any, manufacturers in the world specifically produce a truck of that size for off-road terrain.

The Hon. TONY KELLY: Or trucks that cart so much weight.

Mr KOPERBERG: We mount firefighting equipment on those trucks, which have had a good history over many decades. As we modify, as we try to improve the tankers, we have faults appearing. These are not faults that would impede their operation or endanger the operators at all. We regard them as really minor and we repair them or seek modifications to them.

The Hon. RICK COLLESS: What other options have you looked at in relation to cab chassis?

Mr KOPERBERG: We have contracted the alternative supplier or manufacturer. Predominantly there are only two—Isuzu and Hino. We are currently building a couple of prototypes on Hinos but we are also modifying, according to engineering advice, the way in which the tanks are mounted and so forth so as not to compromise either the weight-carrying capacity or the operation. Again I have to stress that these tankers are perfectly okay. We are progressively modifying them in exactly the same way as a fleet of ordinary motor vehicles, aeroplanes, tractors or whatever the case may be, have to undergo ongoing modification because minor problems occur.

The Hon. DUNCAN GAY: Commissioner Koperberg, I refer to questions I was asking you earlier relating to travel. Did any of this travel involve overseas travel?

Mr KOPERBERG: No, it was domestic road travel. No air travel was involved.

The Hon. DUNCAN GAY: Commissioner Mullins, how many times in the past year has the Government radio network failed, requiring or forcing, as occurred last week, emergency services to use their mobile phones?

Mr MULLINS: I will take that question on notice because I am not sure how many times that occurred. With regard to last week, it was a planned outage to upgrade software in the system. The problem occurred because they did it a day before we had been notified, so there was a breakdown in communication. Because we had had plenty of lead time there was no operational problem. We have what we call site trunking, et cetera, that we were able to use in all the stations. We had an alternative means of contact, so there was no major problem. I cannot recall a catastrophic failure that resulted in any problems. I will find out.

The Hon. DUNCAN GAY: Commissioner Koperberg, I have been informed that high-performance 5.8-litre executive sedans costing over \$50,000 each with front and rear emergency flashing lights are now standard issue for senior head office staff. How many are there?

Mr KOPERBERG: They are not standard issue. In fact, only one senior officer in my organisation has such a vehicle. That officer is under a senior executive service contract. It allows that officer to elect to buy a particular type of car within the range of cars available on the government fleet and to pay for it accordingly. But no, they are not standard issue. Even the commissioner does not have one because he cannot afford it. It is noteworthy, as the Minister reminded me, that I recently undertook a review of the entire fleet in order to generate some savings. As a consequence of that review we have downgraded a large number of motor vehicles for our staff but we have still provided a motor vehicle that can adequately do the job.

The Hon. EDDIE OBEID: Are they greens?

Mr KOPERBERG: Yes, we have some of those in the fleet as well; we have some of those hybrid things. We allow four days for someone to get to Wollongong, but that is beside the point. As a consequence of that review, rather than upgrading them they have been downgraded, yielding savings of somewhere of the order of \$600,000 in the first year. That \$600,000 has gone towards the procurement of more firefighting equipment for our volunteers.

The Hon. DUNCAN GAY: What was the full cost to the RFS for representation, legal and other costs, in attending the Canberra fires coronial inquiry?

Mr KOPERBERG: It is ongoing because the coronial inquiry in Canberra is about to resume following the Supreme Court challenge to Coroner Doogan. I do not know whether we have figures thus far to hand, but I will take that question on notice and let the Committee know what has been spent so far. It has a long way to run.

The Hon. DUNCAN GAY: We were talking earlier about overweight vehicles. Were they manufactured at the company that I indicated?

Mr KOPERBERG: What was the company you indicated?

The Hon. DUNCAN GAY: Yamba Welding and Engineering Pty Ltd.

Mr KOPERBERG: That is correct.

The Hon. TONY KELLY: Because they were aluminium in the main. Yamba Engineering is an aluminium manufacturer.

The Hon. DUNCAN GAY: Are you aware that a Western Sydney builder who normally does this refused to do it?

Mr KOPERBERG: Refused to do what?

The Hon. DUNCAN GAY: He felt it was outside specifications.

Mr KOPERBERG: I was not aware of that.

The Hon. TONY KELLY: Most of these were purchased by councils because they like to encourage regional development. I think the majority of councils around that area were promoting local jobs. It would really surprise me if a country council were looking to have a Sydney company build something, with a resultant loss of jobs to the bush. I would be astonished if that were the case.

The Hon. DUNCAN GAY: I am informed in these matters; I do not pretend to be an expert.

The Hon. TONY KELLY: If that were the case there should be fewer councils.

The Hon. DUNCAN GAY: Why does your terrorism response plan for the Sydney central business district ignore other business districts in New South Wales?

The Hon. TONY KELLY: Something like 600,000 people work in the CBD every day. So the CBD is assumed to be the most significant target for terrorism—it certainly has been in other countries. That is why the emergency services and the police have come up with the evacuation plan. They believe the CBD is most at risk. They obviously have other plans in place for other parts of the State and the suburbs.

The Hon. DUNCAN GAY: How do you plan to alert the citizens of our city that there is a danger?

The Hon. TONY KELLY: A danger or an event?

The Hon. DUNCAN GAY: An event.

The Hon. TONY KELLY: There are about 1,500 major buildings in the city that have building wardens. Under the legislation, any building over three storeys must have a building warden for an evacuation plan—as this place does. We are registering them on our new system and the method of contact with them. There is a number of alternative methods of contact, such as by fax, email, pager and mobile telephone. All those systems are in place. So those 1,500 building managers will be alerted with advice on what to do. Horrie, would you like to make an additional comment about that?

Mr HOWARD: No, that is about it.

The Hon. DUNCAN GAY: Will you be relying on air raid sirens?

Mr HOWARD: No, not at this stage.

The Hon. TONY KELLY: No. There is a proposal further down the track for each traffic light in the city to have a speaker system so that advice can be given to people. But, as we have indicated, the initial warning will be through the buildings, where the people will be.

Mr HOWARD: And of course there is the media. We have a system whereby from the State Emergency Operations Centre information can be passed immediately to the media and they will be part of the alerting system. As the Minister pointed out, we are looking, with some public information-type experts, at going considerably further and having things such as fixed-place sirens, variable message signs and so on. But the basis of the plan is in place now. In terms of other areas, there are general evacuation arrangements already in our normal emergency management system for the majority of major urban areas. As has been pointed out, because the Sydney CBD is so small geographically and has so many people in it, a specific plan for that place was needed.

CHAIR: Are there any Government questions?

The Hon. JAN BURNSWOODS: Yes, I have one. Minister, this year's budget for the State Emergency Service includes funding for additional staff. I would like to know what these additional staff will do and where they will be located.

The Hon. TONY KELLY: I am pleased to be able to comment on that. As I said earlier, this is the fiftieth anniversary of the State Emergency Service. It was founded after the drastic floods of 1955, which were particularly severe in the Central West and in the Hunter, where I think 26 people died. So the government of the day—I think it was the Cahill Government—set up the Civil Defence Service. The fiftieth anniversary will be this year. There will be a huge parade through the Sydney CBD that I hope everyone will be involved in. A couple of thousand SES volunteers will be there. It will occur on 11 November.

Mr McNAMARA: No, 12 November.

The Hon. DUNCAN GAY: There is something else on the 11th.

The Hon. TONY KELLY: Yes—Armistice Day, Ned Kelly's hanging and Gough Whitlam's sacking. You can put them in your own order of priority.

The Hon. DUNCAN GAY: One great thing and two criminals.

CHAIR: Order!

The Hon. TONY KELLY: Do not start getting stuck into my family! It gives me great pleasure to be able to say that the Government has specifically given additional funding—I think it is an 18 per cent increase—to the SES this year. That funding will include 33 staff members, who will be based at the service's State headquarters at Wollongong. They will man the 24-hour communications centre that I mentioned earlier. That is great news for the Illawarra, where those 33 jobs will be. Of the new staff, 21 will work at the 24-hour communications centre and answer calls to the 132500 number to contact the SES. It is also planned to have 12 new staff at the State headquarters to boost the service's flood and community safety planning and support services for the 10,000 volunteers. I should also point out that the SES has increased in number. The number of volunteers has increased to 10,000 from 9,000 a couple of years ago.

CHAIR: There are a few minutes remaining. Mr Jenkins, do you have any more questions?

The Hon. JON JENKINS: Yes. Returning to the terrorism plan, in New Orleans they lost all power, which means no radio communications. Do you have alternative plans in the event of a complete loss of electrical power?

The Hon. TONY KELLY: Yes. I think perhaps Horrie Howard might like to comment on that. That is part of our plan. There is a lot of planning going into that. There are Cabinet counter-terrorism subcommittees that do that, and a lot of it comes under Horrie Howard and the services.

Mr HOWARD: It is most unlikely that we will lose all power. That is the first thing. That is very difficult to envisage because Sydney is reasonably spider-webbed in terms of its power system. Secondly, the government radio network has emergency power backup so it is not solely reliant on the electricity supply. In terms of what we have asked people to do, essentially if everything fails and there is no emergency in their particular building we are asking people to shelter in that building.

The Hon. JON JENKINS: Returning to the track system, are you planning to fit some sort of GIS system to the fire tankers so that firemen will know where the next turnaround point is, where the passing point is, what the grade is, whether they can get out of the track and so on?

Mr KOPERBERG: As you know, that sort of technology is emerging. We are not yet at the stage where we will fit it to vehicles. We are, however, embarking upon a very sophisticated GIS program generally. We are doing so in conjunction with the other services so that there is interoperability between them. However, one of the things we insist on is that incident controllers provide accurate and up-to-date maps to crews who are being asked to go into rough terrain and who are expected to traverse fire trails. That includes the clear depiction of the condition of the fire trails, access and egress, turning circles and what have you so that crews understand what they are going into.

The Hon. JON JENKINS: Who is doing that work for you now?

Mr KOPERBERG: We do that work with a range of agencies. We work with the National Parks and Wildlife Service, the Land Information Centre and various land managers. We are developing the GIS. The GIS that is currently prevailing within emergency services is state of the art. It is world class.

The Hon. JON JENKINS: But trails change all the time through erosion, trees and so on. This information will need to be continually developed and upgraded.

Mr KOPERBERG: Yes.

The Hon. JON JENKINS: There has been a question about the licences of pilots of planes and helicopters that do low-level water bombing. Are those pilots qualified to perform those types of activities? Can you reassure us that they are trained and licensed properly to carry out those sorts of activities?

Mr KOPERBERG: Yes, indeed I can. They require Civil Aviation Safety Authority certification but over and above that they are required to be compliant with our own very stringent set of rules. From time to time members of Parliament will receive representations from small aviation groups bemoaning the fact that they have not been selected to participate in the State fleet. Invariably, they are not participating because they have been unable to meet the stringent requirements that relate wholly and solely to safety.

The Hon. JON JENKINS: So all pilots are currently licensed for low-level activities?

Mr KOPERBERG: They are licensed to perform the activities that we require of them.

CHAIR: I thank Major General Howard, Commissioner Mullins, Commissioner Koperberg and Brigadier McNamara for their attendance today. We will now consider the estimates of the Lands and Rural Affairs portfolio area. We have 50 minutes left of allocated time in which to ask questions of the officers. I propose a 15-minute rotation of questioning until the time expires.

The Hon. TONY KELLY: Terry Flanagan cannot be with me today because he is attending the terrible fire at Kyogle, where 152 people have lost their jobs. It is really shocking for that community and the flow-on effects could be dramatic.

The Hon. DUNCAN GAY: There will be some help for the area, I hope.

The Hon. TONY KELLY: Yes. Terry from my office is there, together with Frank Hay from the Department of State and Regional Development, Trevor Wilson from the Department of State and Regional Development, and a lady whose name I cannot remember from Coffs Harbour, who is the Premier's Department co-ordinator. They are all involved. I understand that the local Federal member of Parliament, Ian Causley, is in contact to address the issue of how the people affected will get money in the next few months. I think the company is meeting tonight to consider what it can do about starting up again. I spoke to both Thomas George and the chairman of the company about an hour and a half ago. Thomas is on site up there.

The Hon. DUNCAN GAY: You have our full support on that.

The Hon. TONY KELLY: It is just terrible.

CHAIR: We will start with Opposition questions.

The Hon. RICK COLLESS: Minister, can you advise us how many applications to convert Crown roads to freehold have been made since the policy was announced in the 2003 mini-budget?

The Hon. TONY KELLY: Yes. As of yesterday, we have received 2,460 applications, which is 7.2 per cent. There have been 223 road closures approved. Some 78 are not proceeding. That means that sometimes they were registered in duplicate in head office or in the regional office and they show up as not proceeding when they take it back off the system. But, as far as I am aware, no individual application has been rejected by the department as yet.

The Hon. RICK COLLESS: How many have been processed?

The Hon. TONY KELLY: Some 223, and there are 2,460.

The Hon. DUNCAN GAY: That is less than 1 per cent.

The Hon. TONY KELLY: Yes. It is a long process. In fact, some of those must have been in the system before. I am surprised that any would be through since we finalised discussions with New South Wales Farmers. Maybe there are—I think some are through. The process is such that, first, you put in an application to close the road. That means that it must go first to the Department of Lands. It must then have some comment from affected neighbours—not everybody—and the council or any other utility that might have an interest in the road, and it must be advertised.

I would generally assume that process takes about three to four months and has got to be done before the physical process of transferring the land takes place. The purchase price and things like that also have to be worked out.

From my own point of view I understood that it was going to be about a 12-month process, as one would expect. In relation to timing we also had to set up a special unit with about 12 staff, the majority of whom are in Dubbo. They had to be advertised and brought on board. I think we have a full compliment but obviously that took a few months as well. This will take three years and, as you would be aware, at the same time we are moving on the transfer of perpetual leases and that has a small time frame. We are really trying to concentrate to get those out the door as quickly as we can. We have got a longer lead time with enclosure permits. I will provide the details, but almost half of the perpetual leases have been applied for. We have received 4,152—nearly 38 per cent—applications of the approximate 11,000 perpetual leases.

The Hon. RICK COLLESS: Are they generally smaller or larger areas?

The Hon. TONY KELLY: No, it is a mixture. It could be 1,000 acres. A lot of these are quite large. As you are aware, I think a lot of people think that perpetual leases are either a short-term lease or a 99-year lease. They are not. They are forever. They are in perpetuity. Therefore, the Crown virtually has practically nil value or equity in them. It has been an administrative problem and that is

why last year the Government decided to sell them. We have already approved 963—one-quarter—of the 4,000 applications. They are obviously a much quicker process.

The Hon. RICK COLLESS: In relation to Crown roads, have none been refused because they have not got to that stage?

The Hon. TONY KELLY: No, we have 223 approved, and none have been refused. Things have changed a lot over the past 10 years—I will talk about perpetual leases to some degree.

The Hon. DUNCAN GAY: Can we stay on Crown roads?

The Hon. TONY KELLY: Yes, just to explain this.

The Hon. DUNCAN GAY: What you might want to say and what we want to find out may be different.

The Hon. TONY KELLY: I was going to give The Nationals, and the Coalition some credit. When the Coalition looked at the 11,000 perpetual leases in its term of government it put moratoriums on 3,000 of them. That was done because there was no such thing as Native Vegetation, Threatened Species and those types of legislation. They now apply to every class of land whether it is Crown or freehold land. Therefore, the need to keep some of these enclosure permits—Crown roads—is not as significant as it was because they are still covered by those laws. We have taken the view that where possible—with enclosure permits or perpetual leases—we will transfer them to the neighbouring owner or leaseholder. But with enclosure permits it may mean a neighbour has to have an easement for access rather than just say "one neighbour needs access so therefore we will not sell it to them". We will sell it but put an easement on it so that that one person has access to it. If there is an environmental reason not to transfer it, mostly they are covered by Native Vegetation legislation, but we can put a covenant on it.

The Hon. RICK COLLESS: Do you expect any will be refused?

The Hon. TONY KELLY: It is possible, but not many, for the reason of the over-riding legislation—Native Vegetation, Threatened Species—because we can put a covenant on it and give the other title registrations. I will ask Warwick Watkins to answer that. I do not expect too many. They may be refused from the point of view of a council might write in and say, "We are about to approve a subdivision down the road from that," or "Open that road instead of an alternative one".

The Hon. DUNCAN GAY: How much money have you raised?

The Hon. TONY KELLY: Going by the shadow Minister's comments in the *Land*, about \$1 million. But obviously it has cost us with 12 new staff. I would also say that because we now have a lot of perpetual leases, we are not necessarily encouraging people to rush in. It suits us to have them over a couple of years. In addition, I should make the over-riding comment that the department starts from the point of view of the date of the valuation from the Valuer General. Landholders need to be aware—

The Hon. DUNCAN GAY: Will you provide us with the details of how much money you have raised from the sale of this land?

The Hon. TONY KELLY: Yes, but I will make this important point—

The Hon. DUNCAN GAY: You are making lots of points but you are not answering our questions.

The Hon. TONY KELLY: I am giving you everything. It is important from the point of view of the farmer that he applies soon because it is based on the valuation at the time he applies. If a council is about to get revalued—as they are in our area—then it is wise for farmers to do it now, unless they think the valuation is going down.

The Hon. DUNCAN GAY: How much money have you saved? Minister, you announced you did this because it was costing you to process them.

The Hon. TONY KELLY: Until we actually sell them we would not have saved anything.

Mr WATKINS: We have a labyrinth of a road system across New South Wales, much of which is unusable. The rate at which these road closings will occur will be very much driven not by the administrative processes of the department, and not at the behest of the department, but at the behest of the individuals with whose roads they seek to see any value in. Therefore, with both perpetual leases and road closures it is, in fact, a market-driven, demand-driven exercise—not driven by the raising of dollars but driven by the rationalisation of an almost medieval situation of land administration which needs to be pulled into the twentieth century. Therefore, the response rate is a partnership between the individual and the department.

We also have to appreciate that the road system in many cases might support one or two landholders, or in the very complicated areas there may be half a dozen landholders involved. The time at which it takes to rationalise that is very much driven by the good neighbour policy of individuals. So from the point of view of revenue, we are three months into the financial year and they will only start to come forward now as a result of the new financial year following discussions with NSW Farmers.

The Hon. DUNCAN GAY: This started sometime ago?

The Hon. TONY KELLY: Yes, but a further point—

The Hon. DUNCAN GAY: This is nearly 12 months down the road.

The Hon. TONY KELLY: No, a further point to make is that we finalised an agreement with NSW Farmers as to their rent and in doing that they got us to accept a three-year payment. A number of people have paid that three years payment of \$350 upfront—that was what NSW Farmers suggested. So if you were somebody who has just paid your lease, from a financial point of view you would not be rushing in to make an application. You might leave it for a year or two. That has some influence in the sale uptake.

The Hon. DUNCAN GAY: You have saved no money but it has cost you money?

The Hon. TONY KELLY: We have not saved money yet. We have got money, as you have indicated, from the application fees. We have got a considerable amount of money from the application fees, which funds staff to do the administration processing. Ultimately, we will save quite a lot. Bear in mind that we reduced the application fees by 50 per cent, so we slashed those fees as well.

The Hon. DUNCAN GAY: You originally sent a mail-out to farmers and then a follow-up mail-out?

The Hon. TONY KELLY: After discussions with NSW Farmers.

The Hon. DUNCAN GAY: There was a follow-up before that and then another mail-out after NSW Farmers. What was the cost of those mail-outs?

Mr WATKINS: I have not got a set figure here but I think what that represents is the very positive attitude by the Minister and the department to keep the landholders informed of the process. It has been a very consultative exercise with regional meetings. The mail-out, as well as working with NSW Farmers and distributing information to them, is just indicative of the way in which the department wants to communicate.

The Hon. DUNCAN GAY: Will you undertake to provide the Committee with details of the cost of each of those mail-outs?

Mr WATKINS: Yes, I will take that on notice. I do not think that you are correct, with due respect, with the number of mail-outs. Are you referring to the routine process of issuing invoices or are you talking about specially distributed information pamphlets?

The Hon. DUNCAN GAY: It could be both.

Mr WATKINS: There is a big difference, with all due respect, with what you are seeking.

The Hon. DUNCAN GAY: Could you provide the details of both?

Mr WATKINS: We will give you a break down of them.

The Hon. TONY KELLY: A breakdown of additional ones. Obviously there is no cost if it goes out with a bill.

The Hon. DUNCAN GAY: I also want the cost of a normal billing process because it is important. Upfront you indicated that the servicing was one of the reasons why there was a change put in place. To understand the savings and the costs, the cost of a single bill is also important.

The Hon. PETER BREEN: In relation to alienation of Crown lands, can you explain where the revenue from that appears in the budget papers? The projections for 2005-06 do not appear to be significantly different to the revenues for 2004-05.

The Hon. TONY KELLY: I will ask Mr Watson to answer that but I will say that the Department of Lands is in two parts: Land and Property Information [LPI], which is an off-budget corporate body, and the Department of Lands. Some information will appear under the Department of Lands and others such as registration fees and so forth, in fact the bulk of the \$1,800-odd it costs to transfer the lands, will appear under income to LPI, which is a statutory separate body.

Mr WATKINS: We also need to appreciate that the way the Department of Lands is structured is that the Land and Property Information is a commercial entity. The remainder of the department is within the budget sector of the agency, but there are also Crown property portfolios. Indeed, the revenue from the leasing of land appears under the responsibility of the Treasurer in the Crown leaseholds entity portfolio. That is why it may be difficult at times to follow the actual budget papers. It is a combination of what appears under the Treasurer and what appears under the Minister.

The Hon. TONY KELLY: When we sell them the income will not come via us but straight to Treasury.

The Hon. PETER BREEN: On page 18-52 of Budget Paper No. 3, Volume 2, Department of Lands, Retained Revenue, Sales of goods and services, \$844,000 for 2004-05, and \$874,000 for 2005-06. It seems that there ought to be a big revenue jump somewhere, given this large alienation of Crown land.

Mr WATKINS: What you are looking at is not the sale of land but the sale of other products and services. Indeed, the sale of land—to give the Committee some indication, even though it is not represented in these figures, the Crown through its Crown Land Sales Program sold land worth in the vicinity of \$20 million last year.

The Crown portfolio is very dynamic in the sense that at any one time we have some people who are in the process of purchasing leasehold land, and they might be in their final years of payment, or they might be doing so over a period of time. So at any one time it is a fluctuating situation, not dissimilar to what occurs in the real property market. There are also transfers of land between the Crown, as represented through the Minister for Lands, and other parts of government, such as National Parks. There is also purchase of land by State-owned corporations to facilitate their operations.

The Hon. PETER BREEN: Are you able to put a figure on the revenue that is likely to accrue to the State from the changes in the administration of lands?

The Hon. TONY KELLY: For enclosure permits or perpetual leases?

The Hon. PETER BREEN: Both. You have changed the system, presumably, in order to create revenue. I just wonder where that revenue is going to appear.

Mr WATSON: I made the point earlier that revenue is always a by-product. The advice to the Minister on perpetual lease transfers and the rationalisation of roads was not driven by revenue; it was driven by the fact that we have an archaic system of land administration. Indeed, as the Minister has said, the Crown had only a 3 per cent equity left in perpetual leases. Because successive governments had for decades not increased the lease fees, the way in which to achieve some rationalisation was to advise landholders—and we wrote to every landholder—that they had two years in which to exercise their statutory right to convert those lands, a right that cannot be taken from them, or we will then apply market rent. Therefore, until we get to the end of that two-year period, it would be inappropriate for me to give you an indication of the amount of revenue to be gained. We have already received some 4,500 applications from those 11,000 and we will again be communicating with the remainder that have not expressed an interest to ensure that they are well informed. But, as from June next year, that two-year window will have closed, and then market rent will apply to those. At that time, we will know the appropriate figure that is to be raised from those.

The Hon. PETER BREEN: The budget papers say that "one aim of these changes is to improve the economic return from Crown lands." I expected that that figure would appear in the papers.

Mr WATKINS: As I have said, the Crown Lands Act, as transformed, came in in 1989. One of the basic principles enshrined in that was the principle of market rent. This is a manifestation of applying the principle of market rent. But until the decisions are made by the individual landholders on whether they will convert or keep the land as it is, any dollar figure would be a guess. Even though we could estimate that three-quarters of the 11,000 might apply to convert, or 90 per cent might apply to convert, it is still an estimate until such time as we receive all applications. At this stage approximately 5,000 of the 11,000 have responded and we are about halfway through that period of expression.

The Hon. PETER BREEN: So you would not be able to give us a figure for 2005-06 as to what your estimate of the revenue might be?

Mr WATKINS: Not from those perpetual leases. We could give you a figure, but it would be a guesstimate because we would be predicting without reliability what proportion of landholders will express a desire to convert.

The Hon. PETER BREEN: When the scheme was implemented there must have been some revenue basis on which that was done, and there must have been some estimates at that time, I would have thought, as to what revenue that would bring to the government.

The Hon. TONY KELLY: It was primarily done on the basis of simplifying the system. You might recall that there were a number of articles in the newspapers at the time suggesting that the Government was getting only \$140 for properties worth perhaps \$1 million.

The Hon. PETER BREEN: Yes.

The Hon. TONY KELLY: The administrative cost of providing a lease, sending out a bill and collecting the fee outweighed the income that we were getting. As I said, originally they were perpetual leases, in other words, the lessees had virtually freehold title to those lands and they could buy and sell those lands on the open market. They actually bought and sold at the same price as comparable freehold land. The Government virtually had no involvement at all, except for the fact that it had to keep sending out these bills every year and administering the leases. So the scheme was implemented not from a revenue point of view but from the point of view of savings in administration costs.

The Hon. JON JENKINS: I have two questions. The first is about travelling stock routes [TSRs]. Until a few years ago, people who travelled across the country, particularly with a horse or a small number of stock, could stop and spend the night in TSRs.

The Hon. TONY KELLY: They still do.

The Hon. JON JENKINS: No, they cannot. There are now signs at a lot of TSRs saying that there is a \$500 fine for stopping there without permission if you are not from the local rural lands protection board. I did negotiate with some of the rural lands protection boards, particularly for horse riders who travelled with horses, an arrangement with those boards that those people could stop overnight. Is there any chance of extending this arrangement for TSRs? I realise there is a cost involved. Could there be some sort of rent system so that people who travel a lot can use TSRs across the whole State?

The Hon. TONY KELLY: Some would already be leased out.

The Hon. JON JENKINS: Yes, I understand that.

The Hon. TONY KELLY: The balance of the question does not relate to my portfolio but that of Ian Macdonald.

The Hon. JON JENKINS: It is Ian Macdonald.

The Hon. TONY KELLY: So I will pass that on to the Minister.

The Hon. JON JENKINS: I was not sure whether it was Lands, Primary Industries, or Crown lands.

The Hon. TONY KELLY: I undertake to pass that on to the Minister.

The Hon. JON JENKINS: No, I will chase it up with the Minister. My next question is about the problem that has now arisen with Crown lands and the small community-based clubs. This system, of course, eventually will filter down to councils, and councils may have to charge market rates for rents.

The Hon. TONY KELLY: No, councils will not, because in respect of reserves that councils are trustees of, we generally do not charge a lease fee or a rent. The condition generally is that any income that the council raises has to be put back into the reserve. So it is the councils' decision entirely.

The Hon. JON JENKINS: They would also now be subject to the same pressure.

The Hon. TONY KELLY: It should not make any difference. I will have that verified.

Mr WATKINS: The Minister has the opportunity, notwithstanding the principle of market rent that exists in the Act, to show compassion and apply rebates to meet the broad aspects of community need. The important thing is that there is a range of principles relating to Crown land management and a range of objects of the Act that try to meet the intergenerational responsibilities of the way in which the land needs to be managed and to meet the needs of the current generation. That means that we have to meet commercial outcomes and that we have to meet a diverse range of community outcomes. Therefore, the application of market rent is only one of the principles that need to be considered.

The Hon. JON JENKINS: I presume you will issue a reasonable set of guidelines for all of the community clubs that are on Crown land as to what they have to do to ensure their survival, because obviously they cannot afford to pay rates at commercial values. If they are on waterfront Crown land—fishing clubs, rowing clubs, sailing clubs, sea scouts and other groups—they cannot pay tens of thousands of dollars in rent every year.

The Hon. TONY KELLY: Some can. For example, some have huge clubhouses full of poker machines and so on. That is why we have to look at this on a case-by-case basis. But I take the point that some cannot afford those rents. That is why, in another portfolio, as Minister for Emergency Services, for the Volunteer Coast Patrol and the coastguards and others who were originally paying a lease fee, last year I decided to give them a grant from Emergency Services to pay not only the increase that they were asked to pay but the original fee that they were paying as well. So they now get the whole amount refunded to them. There are some, of course, that do not come under the Emergency Services portfolio, and we have to look at those on an individual basis.

The Hon. JON JENKINS: It would be nice if there were some guidelines so that the deep sea fishing clubs, with million-dollar boats, might be treated differently from the local sailing clubs and kids sailing clubs.

The Hon. TONY KELLY: For the sea scouts and so on?

The Hon. JON JENKINS: Yes.

The Hon. TONY KELLY: Mr Watkins might comment on that.

Mr WATKINS: I think the basic consideration here is that there is a huge diversity in the way in which the community utilises Crown land, and that is to the benefit of the community. There is also a huge disparity in the capacity and willingness to pay, whether you be in the community side or whether you be in the commercial side. Some in the commercial side might have capacity to pay but not the willingness, as we find from time to time. We now have a basic minimum rent of \$350, with a set rebate to pensioners of 50 per cent. It has been well publicised that there is a minimum rent of \$350. Pensioners get an automatic 50 per cent rebate.

The Hon. JON JENKINS: That does not affect the club system though.

Mr WATKINS: It does start to apply because the same principles—

The Hon. DUNCAN GAY: When do I become a pensioner?

Mr WATKINS: I am not sure of your age, Mr Gay. We work very closely with community groups. It is very important that we do not apply a blanket set of rules in this case, because a fishing club on the South Coast might have completely different financial arrangements and structured arrangements. Also, we have to look at the way in which historically many of these areas of land have been used. In some cases some clubs that are not totally dependent on the waterfront would be best back from the waterfront, and still maintaining their community involvement. We will always work with the clubs on the issue of utilising Crown land to best effect.

The Hon. JON JENKINS: But if the community clubhouse was built 30 or 40 years ago, it cannot be picked up and moved back from the shore. So it is not realistic to say that they would have to move. I suppose we will deal with it eventually, but as long as you are aware that this problem exists and that some of the financial arrangements that you are going to will be very scary for a lot of people.

Mr WATKINS: It is an issue that we deal with every day across the whole of the State. The Minister and the department show a great deal of compassion, and at the same time perform the balancing act of trying to get an appropriate economic return whilst reflecting community needs.

The Hon. RICK COLLESS: Minister, could I go back to the issue of market rent.

The Hon. TONY KELLY: Which was enshrined in the Act in 1989.

The Hon. RICK COLLESS: I am aware of that.

The Hon. TONY KELLY: As Mr Watkins pointed out, it is only one of the criteria.

The Hon. RICK COLLESS: Certainly. Could you explain the basis for establishing what the market rent will be?

The Hon. TONY KELLY: I will ask Mr Watkins to respond to that question.

Mr WATKINS: The market rent can be established in a range of different ways, as it is in the commercial world. Indeed, we have a plethora of commercial operations. I think it should be appreciated that the Crown estate is extremely diverse, with over a million hectares of reserves and some 90,000 leases and licences, a number of which are commercial licences. In the majority of those, we would take the unimproved capital value figure. In some commercial operations, we would be prepared to take a percentage of turnover, depending on the nature of the business. So that, in our negotiations with major restaurants, particularly on waterfronts, major marinas and businesses of that nature, the types of arrangements that we enter into are indeed the same as you would expect to see with any commercial landowner or property owner. So there is a diversity of ways in which we do that. Particularly with the EPs, as Mr Colless would be aware, the Minister and the Government took a very lenient approach in the sense that they looked at the unimproved capital value and discounted it for any significant improvements, thereby arriving at a base figure that provided more encouragement for landholders to convert those parcels.

The Hon. RICK COLLESS: I am aware of one particular case where the rent in 1989 was \$120 a year but now, some 16 years later, is \$1,050.

Mr WATKINS: That would not surprise me if it is in fact a waterfront property.

The Hon. RICK COLLESS: It is not on a waterfront.

Mr WATKINS: I do not know the details.

The Hon. DUNCAN GAY: It is on a creek.

Mr WATKINS: If you provide me with the details, I will be quite happy to have the matter investigated.

The Hon. RICK COLLESS: I am sure my colleague will provide you with details.

The Hon. DUNCAN GAY: This rent went from \$20, to \$40, to \$80, to \$350 in successive hits. You talk about market rent. Market rent goes up at the rate of 3 per cent, 5 per cent or 10 per cent a year. I cannot see how these enclosed roads bear any resemblance to market rent at all. You are saying that it is market rent; it is a figure that has been plucked from somewhere, and there has been a doubling along the way.

Mr WATKINS: This is an appropriate time to put some of this into perspective. We have a situation with the road system that, in a significant number of cases, the nature and type of land that the road encompasses is no different to the adjoining parcel of land. Therefore, we have had a historically distorted arrangement whereby successive governments have failed to increase rents on land parcels to reflect the market value of the adjoining land. In other cases, as we are all aware, the road reserve is inaccessible; it is not appropriate to have it as a road and, therefore, there is a far lesser value. We are reflecting those things in the conversion. It is an anomalous argument to take the fact that the price now is completely out of step with what it was 12 months, two years or five years ago. You have to go back to the base from which it came.

The Hon. DUNCAN GAY: The rent I pay on my enclosed roads is four times the amount I collect for the lease of that land where my property is leased around it, which is market rent.

Mr WATKINS: All I would suggest to you is that there is strong encouragement for you to convert that parcel of land, as we are seeking to have done, and enclose it in your property and/or to look at the way in which the adjoining lands are being rented.

The Hon. DUNCAN GAY: Or I could rent the rest of it to you, given that you have justified that is the market rent.

Mr WATKINS: No. I do not wish to rent it. I just wish to receive your payments.

The Hon. DUNCAN GAY: You have it, unfortunately.

Mr WATKINS: I am pleased you are a prompt payer.

The Hon. RICK COLLESS: Of those who have successfully converted to freehold, what is the average land purchase price that is being realised today?

The Hon. TONY KELLY: I will probably have to take that one on notice. We will do it up to the time we supply it to you.

The Hon. RICK COLLESS: How much revenue did the department receive from Crown road rents prior to the mini budget changes in 2003?

The Hon. TONY KELLY: Not to the department, it goes to the Treasury.

The Hon. RICK COLLESS: To the Government then?

The Hon. TONY KELLY: We will take that on notice.

The Hon. RICK COLLESS: Similarly, how much revenue does the department or the Treasury expect to receive for the year 2005-06 from Crown road rents?

The Hon. TONY KELLY: We will take that on notice, too.

Mr WATKINS: It comes back to the point that I made to Mr Breen earlier. We can give you an expected figure, but the figure is very much a guesstimate because it depends on the response from the community. It is very important to hear that this is a community landowner lessee driven exercise.

The Hon. PETER BREEN: The questions requesting information did not include revenue from the sale of converted leasehold or permanent leases. Could those figures be included as well?

Mr WATKINS: Yes, we will include those.

The Hon. PETER BREEN: I refer to Budget Paper No. 3, Volume 2 page 18-13 "Land and Property Information New South Wales". The strategic directions indicate that Land and Property Information is working with other jurisdictions to develop a national electronic conveyancing system. When it is fully implemented this system will change the way conveyancing is undertaken across Australia. Will that process eliminate the need for someone intervening and representing the purchaser, or is it described to be a system that is somehow interfaced with existing conveyancers and lawyers?

Mr WATKINS: Yes, is very much the latter in the sense that the total land and property market in Australia is some \$220 billion a year. Each of the jurisdictions has an electronic record of land titling. New South Wales was the first Land Titles Office in the world to electrify or digitise their records. Electronic conveyancing is the next major step in driving out costs for both the purchaser and the administration. It is strongly supported by the conveyancing industry, the banking industry and the Law Society. New South Wales, together with Victoria, has taken the lead. We both went out to the marketplace with our proposals and gained extremely strong support. Rather than going ahead now as two jurisdictions we have joined forces, and under the umbrella of the Australia New Zealand Land Information Council, which I just happen to be chair of at the moment, we are co-ordinating and driving a national approach, which will bring about great benefits. We envisage that with the co-operation of other jurisdictions, based on very strong support from the banking and conveyancing industry, we should have a framework of operational electronic conveyancing in place within two years.

The Hon. PETER BREEN: Will people be able to do their own conveyancing, or will they still need to use a conveyancer or a lawyer?

Mr WATKINS: People can do that now.

The Hon. PETER BREEN: It is very complicated to do it now.

Mr WATKINS: Yes, I suppose I would liken it a little bit to writing a will. No-one would have thought about writing a will 20 or 30 years ago. But today it is becoming more common because of marketplace systems. Certainly the way in which we and other jurisdictions are reforming the land registration system will make it easier for people to step through, particularly to a set rules format and a digitised format. It really will be a matter of the complications involved in their dealings and whether the risk profile for them is appropriate. But, yes, it will make it easier.

The Hon. RICK COLLESS: Minister, can you explain to the Committee how your portfolio of Rural Affairs is structured under your ministry?

The Hon. TONY KELLY: It is serviced in conjunction with Lands. There are staff in Orange.

The Hon. DUNCAN GAY: What do they do?

The Hon. TONY KELLY: Today is a very good example. They do quite a number of things. They look after communities in need and, with today's devastating fire that has resulted in 152 people losing their jobs, they are up there trying to co-ordinate a Government response to help that company get back on its feet as quickly as possible, and to help the people involved. It is the Office of Rural Affairs—

The Hon. DUNCAN GAY: Does that cross over with the role of the Premier's Department?

The Hon. TONY KELLY: Not really. This office is more specific to Rural Affairs, but they assist as well. They are on the ground. They can only undertake their work through close working relationships with rural co-ordination management groups. We also have that non-government constituent group, the Rural Consultative Communities Committee. They service those as well.

The Hon. RICK COLLESS: What sort of staff do they have?

Mr WATKINS: The total staff is three and they are posted in Orange.

The Hon. TONY KELLY: They also do a lot of service work for some of the Premier's grants to rural communities.

The Hon. DUNCAN GAY: Are any of them not members of the Labor Party?

The Hon. TONY KELLY: I am not sure that any of them are members of the Labor Party.

The Hon. DUNCAN GAY: The one I met in Orange was a former candidate.

The Hon. TONY KELLY: No. He does not work for me.

The Hon. DUNCAN GAY: Who does he work for?

The Hon. TONY KELLY: He works for Ian Macdonald. I think he used to.

The Hon. DUNCAN GAY: Yes, he did. That must have been when I met him.

The Hon. TONY KELLY: They are good and dedicated public servants.

Mr WATKINS: We would be remiss if we did not put it into context to really give credit to the small team within the Office of Rural Affairs and their work. As we know, rural Australia is under increasing pressure for a whole range of reasons. Rural New South Wales continues to seek to have a voice. It wants to be listened to; it needs increased avenues to communicate. The Office of Rural

Affairs is very much a group that has a strong ear to the ground on issues that are troubling the community, irrespective of whether it is in the area of health, education or other areas. It acts as a facilitator and works with the community through the labyrinth of community structures to bring about a greater focus and co-ordination. As I travel the length and breadth of New South Wales I do not know of an office that is supported more strongly than that small team of three people.

The Hon. TONY KELLY: As I said earlier, they support the Rural Consultative Communities Committee, which has 13 representatives from groups like the CWA, the New South Wales Farmers Association and the clergy.

The Hon. DUNCAN GAY: Could you give us a list of that?

The Hon. TONY KELLY: Yes, we will get you a list of community members and who they represent.

The Hon. RICK COLLESS: Would they get involved in things like the concern that has been expressed in the Western Division at the moment over the Greater Western Area Health Service?

The Hon. TONY KELLY: They get involved in practically anything they want to get involved in. It is entirely up to them. They bring issues forward. Obviously, people like CWA representatives and the clergy—

The Hon. RICK COLLESS: Could you give us an example of the last half a dozen issues that they have raised with you?

The Hon. TONY KELLY: Yes, I will get those for you.

CHAIR: Thank you for your attendance. Earlier the Committee resolved to seek the return of answers to questions taken on notice at the hearing within 35 calendar days.

The Committee proceeded to deliberate.