

GENERAL PURPOSE STANDING COMMITTEE No. 1

Friday 1 September 2006

Examination of proposed expenditure for the portfolio area

INDUSTRIAL RELATIONS, COMMERCE, FINANCE

The Committee met at 9.00 a.m.

MEMBERS

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

The Hon. D. Clarke
The Hon. G. J. Donnelly
The Hon. P. T. Primrose

Ms L. Rhiannon
The Hon. J. F. Ryan
The Hon. I. W. West

PRESENT

The Hon. John Della Bosca, *Minister for Commerce, Minister for Finance, Minister for Industrial Relations, Minister for Ageing, Minister for Disability Services, Vice President of the Executive Council.*

Department of Commerce

Mr M. Coutts-Trotter, *Director General*

Mr A. Hunter, *Chief Financial Officer*

Ms P. Manser, *Deputy Director General*

Motor Accidents Authority

Mr D. Bowen, *General Manager*

Premier's Department

Mr C. J. Raper, *Director General, Public Employment Office*

Treasury

Mr K. Cosgriff, *Deputy Secretary, Resources and Policy Directorate*

WorkCover Authority

Mr J. Blackwell, *Chief Executive Officer*

Ms V. Telfer, *General Manager, Strategy and Policy Division*

Mr R. Thomson, *General Manager, Workers Compensation*

Mr J. Watson, *General Manager, Occupational Health and Safety*

CHAIR: I declare this hearing open to the public. I welcome Minister Della Bosca and accompanying officials to this hearing. At this hearing the Committee will examine the proposed expenditure for the portfolios of Industrial Relations, Commerce and Finance. Before we commence, I will make some comments on procedural matters. In accordance with the Legislative Council's *Guidelines for the Broadcast of Proceedings* only Committee members and witnesses may be filmed or recorded. People in the Public Gallery should not be the primary focus of any filming or photographs. In reporting the proceedings of this Committee, the media must take responsibility for what they publish or for the interpretation they place on anything that is said before the Committee. The *Guidelines for the Broadcast of Proceedings* are available on the table by the door. Any messages from attendees in the Public Gallery should be delivered through the Chamber and support staff or the Committee Clerks.

Minister, you, and the officers accompanying you, are reminded you are free to pass notes and refer directly to your advisers while at the table. I remind everyone to please turn off their mobile phones. Minister, the Committee has agreed to the following format for the hearings to deal with these areas: the Public Employment Office, WorkCover, Industrial Relations from 9 o'clock until 11 a.m., and then a break for 10 minutes; in the second segment, Commerce, Motor Accidents Authority and Finance. Will this cause any problems?

The Hon. JOHN DELLA BOSCA: No, Mr Chairman. At this stage may I ask if it would be possible for me to have a very brief five-minute adjournment at approximately 10.45? I have to attend to something urgent at that time.

The Hon. JOHN RYAN: A media interview?

The Hon. JOHN DELLA BOSCA: It is not actually a media interview, no.

CHAIR: We can take the break at 10.45 for 10 minutes.

The Hon. JOHN DELLA BOSCA: Thank you, Mr Chairman. That is great.

CHAIR: All witnesses from departments, statutory bodies and corporations will be sworn prior to giving evidence. Minister, you do not need to be sworn because you have already sworn an oath under your office is a member of Parliament. There may be other members of your staff who may give evidence, but we will swear them in only if questions are directed at them that they are required to answer. For all of the witnesses, I ask each of you in turn to state your full name, job title and agency. We will begin with Mr Watson. Then each of you should take either an oath or affirmation. The words of both the oath and affirmation are on cards on the table in front of you.

JOHN WATSON, General Manager, Occupational Health and Safety, WorkCover New South Wales, and

JON BLACKWELL, Chief Executive Officer, WorkCover Authority, and

ROBERT JAMES THOMSON, General Manager, Workers Compensation, WorkCover Authority, sworn and examined:

CHAIR: We understood that Dr Gellatly would be available from 9 until 9.45 a.m. Is that still the case?

The Hon. JOHN DELLA BOSCA: It was my understanding, Mr Chairman. I do not have any information to the contrary, but obviously Dr Gellatly is not with us yet. I might get that checked. I am sorry, Mr Chairman, I failed to notice that Mr Raper is here. He will be representing the Public Employment Office.

CHRISTOPHER JOHN RAPER, Assistant Director General, Public Employment Office, Premier's Department, affirmed and examined:

CHAIR: I declare the proposed expenditure for the portfolios of Industrial Relations, Commerce and Finance to be open for examination. Minister, do you wish to make a brief opening statement?

The Hon. JOHN DELLA BOSCA: I would like to make a brief statement, Mr Chairman, and I will keep it brief. I actually look forward to Estimates Committee hearings because it is a chance to detail some of the things that have been achieved in the portfolio area and it is also a chance, given the fact that we are leading up to an election year, to make clear some of the issues about which the people of New South Wales and the Parliament have choices. One of the most important ones in my portfolio area is industrial relations and particularly the overlap between Commonwealth and State jurisdictions in regard to workplace matters.

I think everybody who attends Parliament on an almost daily basis already knows that, as a Minister, I will not cop WorkChoices. I am concerned, of course, that Mr Debnam and other members of the Opposition appear to welcome it. I think most members are aware that, among other things, the Lemma government is taking its fight against WorkChoices to the High Court. We are anxious that in a generic sense the Liberal Party and The Nationals have embraced the WorkChoices approach to industrial relations—an American-style minimum wage, statutory minimum wages, and all of the other features of WorkChoices that we have ethical, industrial relations and practical economic differences with.

This is in line with the role of Mr Raper and me in the Public Employment Office. We are concerned, or I am, that this also involves the sacking of 29,000 public-sector workers. That is clearly unable to be done without an aggressive cut against front-line public sector workers and all people directly engaged in servicing front-line workers. This will force us into a more costly, more dispute-ridden environment in private employment and the private economy, so our role as a regulator becomes more complex and more difficult. It also presents the risk of imposing a great deal of disruption onto the public sector.

By way of demonstration, many people are more concerned, as I am, with the impact of this on the vulnerable and on the work force of the State. I think it is always important to understand that the system that we have inherited in New South Wales, which is under threat from the Commonwealth take over—that is yet to be determined by the High Court but there are different views about the likely outcomes of that case—the fact of the matter is that the system that is being imposed upon us by the Commonwealth, or is being attempted to be imposed upon us, will result in lower productivity, increase disputation and a less attractive workplace from every perspective.

I note that occasionally the Opposition benches are concerned that I raise this and they argue that it is a Commonwealth issue. My view is that this is a very real and important State issue; it is a

shared jurisdiction from the inception of the Constitution. The risk of WorkChoices, overall, is best summed up by the policy concern that it will start a race to the bottom that actually provides incentives, to create a race to the bottom in employment condition, lifestyle and key safety nets that the people of New South Wales have come to expect. It is important that we maintain those standards. If the Committee so wishes, we can lead to some of the ways in which those standards are maintained by both the Industrial Relations Inspectorate and the WorkCover Inspectorate when it comes to occupational health and safety.

I underline that the Government has an outstanding record in New South Wales, both in the public sector and the private economy. We have an outstanding record of occupational health and safety and currently we have embarked on what appears to be yet another stage in this Commonwealth-State argument about occupational health and safety. Again, I emphasise to the Committee that we will not cop a reduction in standards. If the Committee members so wish, they can hear evidence about the inspectorate and its work activities in occupational health and safety and explanations about its obligations to business and attempting to develop a safe and safer workplace culture and a more productive and safe working environment for New South Wales citizens. That goes hand in hand with the work of the Office of Industrial Relations Inspectorate, which maintains minimum safety net conditions and the like through the New South Wales award system.

Most members are familiar with the changes that we have been able to make in the workers compensation system over the past year, since I have been the Minister responsible. The fundamentals of the scheme are now well and truly performing according to the target we set ourselves five years ago. The scheme is return to financial health and the deficit is reducing. We have been able to deliver a number of premium savings and reformed the premium system so it is much more reliable and independent of small business. We have done that while increasing the statutory benefits available to injured workers. We have also changed the dispute resolution system in a lot of ways that are of much greater benefit to workers.

The compulsory third-party—green slip—scheme and motor accidents are part of my portfolio responsibility. Most members would be aware that because that scheme is now performing so well we have been able to introduce a number of very important reforms: a life-time care scheme, which will commence next year and the no-fault provisions for children, which are commencing virtually as we speak over the next couple of weeks. Those kinds of reforms are made possible by good management of those schemes and not taking any unnecessary risks with public policy, while making sure it stays focused on the objectives we are seeking for the people of New South Wales.

Overall the Department of Commerce has two key objectives: to make business simpler and fairer for consumers, traders and workers; and, in regard to various other aspects of government activity in the economy, to make sure that the Government and the taxpayers get the best value for those things that the public needs to maintain and purchase as assets or goods to perform public service. Commerce contributes to a stronger economy and a more efficient and economic public sector. Aside from the cost of renewing the government vehicle fleet, the major expenditure areas in Commerce are public works and services, fair trading, procurement, information and communications technology and, of course, the area I have already canvassed, industrial relations.

The important work of the agency overall is about improving value for taxpayers and finding better ways to deliver services across the Government's activities. This year, agencies are on track to save an estimated \$550 million of the whole-of-government procurement budget by using contracts and other purchasing tools provided by the Department of Commerce and some of the changes made in the department over the past two or three years. The Government has worked hard in the past few years to improve the planning and implementation of capital works. Commerce manages a process of project review, called the Gateway process. Gateway provides an independent review of all major capital projects at each critical stage from conception to commissioning. To date, 96 projects with an estimated value of \$5.2 billion have been subjected to Gateway reviews. In a recent survey, 73 per cent of agencies that undertook the Gateway review said that it helped them deliver projects on time and on budget.

In 2005-06, Commerce managed more than \$900 million of construction and infrastructure projects. Figures for 2005-06 show that 95 per cent of Commerce projects ran to budget and 92 per cent to time. That compares with the United Kingdom benchmark of 70 per cent of construction

projects completed on time and on budget. The Government's Chief Information Office ensures the State's billion-dollar yearly expenditure on information and communications technology [ICT] is used in the most efficient way possible. The Government's ICT Plan—which we call People First—released in July 2006, charts the State's new direction in information and communications technology. It will lead to significant savings in capital and recurrent expenditure across government; we calculate that to be \$565 million.

More importantly, ICT savings will be redirected to front-line services such as health, education, policing, disability services, home and community care, transport and housing. That means that we are transforming taxpayer funds into a government that is more capable of satisfying the needs of our people. In 2006-07, Commerce will continue to rollout the Government Broadband Service, as more agencies join the network to deliver services in regional areas. I am particularly proud of that initiative. It is a guarantee of business from the government's major agencies that allowed Soul, the ICT network, to build a new high-speed backbone throughout New South Wales. Soul has invested \$43 million to build new infrastructure across New South Wales.

That new infrastructure means that many areas that previously did not have access to broadband technology and all of the potential State development and economic benefits it has for local private businesses, as well as for better government services, will now be able to have them. I am very proud that services through the broadband network and the expansion of the network access to a much wider range of the population is now happening in New South Wales. In my view that is, in some respects, in spite of rather than because of any initiatives of the Commonwealth Government. Strictly speaking this area should be taken up by the Commonwealth, but we have been able to provide regional communities with broadband access that they may have had to wait years for under the Commonwealth policy. We are well ahead of all the other States on this matter, allowing us to provide isolated schools and hospitals, and even those in larger regional centres, with much better services.

That has helped the government accelerate activities that are innovative such as online learning, electronic patient records, telemedicine initiatives, specialist teaching for remote or smaller schools and assisted the justice system by providing video conferencing of court and other proceedings, pretty well across the State. I appreciate the consideration of the Committee in allocating separate blocks of time for different parts of my portfolio, and I appreciate the Committee's courtesy in hearing my opening remarks in silence.

CHAIR: Minister, you mentioned the Federal WorkChoices legislation. You introduced legislation into the Parliament to enable the transfer public servants, employees of the Crown, so that the Federal legislation would not impact on them. How is that operating, and do you have any additional changes involving other public servants? Are all public servants in the State now under State legislation?

The Hon. JOHN DELLA BOSCA: Mr Raper might care to talk about any operational implications, but, from the ministerial perspective, it is proceeding very smoothly. The changes obviously involved some constitutional and legislative issues, which were sorted through by the Parliament at the time. We are now quite certain of that all of what we would regard as the inner public sector staff is not able to be roped into the WorkChoices area. The Government has also put in place new legislation to permit project agreements and other State instruments to be turned into common law agreements and devices, allowing the State jurisdiction to retain a role in resolving disputes. It is my advice that the vast majority of the State-owned corporations have entered into such agreements with their work forces or are planning to do so, which would protect virtually the entire public sector work force from WorkChoices, including those employed indirectly in corporate utilities.

Mr RAPER: I do not know that there is much more I can add, except that from the administrative point of view the new system seems to be working quite smoothly.

CHAIR: Mr Roper, to assist the Committee perhaps you would explain the role of the Public Employment Office, its staffing, its budget and where it is located? I have asked that question because we do not see very much information, if any, in the budget papers.

Mr RAPER: The Public Employment Office is basically responsible for implementing the Government's employment policies across the entirety of the New South Wales public sector. There are some areas where we have a fairly direct responsibility and the Director General of the Premier's Department, as the Director of Public Employment in New South Wales, is the employer for industrial purposes of all public servants. Then there is a range of agencies that have their own employment powers, such as the Department of Education and Training and the Police Department, as well as the statutory authorities, for example. Each of those departments is required to operate within the Government's broad industrial framework for their employees, and as the Public Employment Office we have a role of co-ordinating those agencies to ensure that the Government's objectives are met. There is the Public Service where we have the direct responsibility, then the broader public sector where we have a responsibility to assist agencies to manage only half of government.

CHAIR: For how long has the office been in existence?

Mr RAPER: It has been in existence in a variety of forms.

CHAIR: But under different names?

Mr RAPER: Different names, over many years. The current structure of the Public Employment Office has been in place since 1 July 2003 in its current format. In the work that we do and the areas that we cover we have responsibility for work force planning across the sector and we have completed a series of projects most of which are up on the web for people to look at. We also have responsibility for capability development across the sector. We are the body that works in conjunction with the national training agencies and run courses, such as the Executive Development Program. On behalf of the Government we administer the Australian and New Zealand School of Government programs as well as the Graduate School of Government at the University of Sydney for master's degrees in executive development. Dr Gellatly is on the National Board of the Australian and New Zealand School of Government and I represent the Government on the Graduate School of Government Sydney University Advisory Board.

We have a training responsibility and a capability development responsibility. We also administer a range of programs for employment, such as the Aboriginal Cadetship Program. We have placed in cadetships in excess of 100 employees over the past three years across the sector. Those people will go on to employment in the sector at large once they finish their cadetships. So, we have a range of employment programs that we look after. We are also responsible for the Government's equity and diversity programs across the sector. We have a further responsibility for managing displaced employees and a recruitment program for the sector, in terms of the chief executive officers [CEOs]. In our current work plan for 2006-07 we are developing a range of programs in conjunction with agencies promoting the sector as an employer of choice, particularly in areas we have identified through our work force planning activities where there are likely to be shortages into the future. Some of those are well known; some are not so well known. For example, accountants and engineers are key areas where we will be concentrating our activities.

We have a responsibility for the Senior Executive Service in terms of CEO recruitment, as well as the policies that surround the Senior Executive Service. In addition to that, we have responsibility for the Government's superannuation policy. The Superannuation Policy Unit is managed out of the Public Employment Office—a small number of people but very highly trained and technical people. Then we have probably the broadest area of responsibility, which I talked about at the start of answer, that is, advising and assisting agencies in respect to their broad human resource-employee relations activities, advising on wage claims, advising on disputes, advising on disciplinary matters and that sort of thing. It is the total employment package for the New South Wales Government that we manage, with a team of just over 80 people.

The Hon. JOHN RYAN: In what portfolio is your budget allocated?

Mr RAPER: The Premier's.

The Hon. JOHN RYAN: Point of order: Why do we have someone from the Premier's Department present and answering questions from the budget estimates of the Minister for Commerce?

The Hon. JOHN DELLA BOSCA: To the point of order: We are in the hands of the Committee. We had thought, given that my responsibilities as Minister for Finance include assisting the Premier as my old portfolio description "Special Minister of State, and Minister Assisting the Premier on Public Sector Employment" has carried through to the Department of Finance, that it would be logical and that the Committee might want to talk to me about public sector employment matters. That is entirely in the hands of the Committee. We are not being dogmatic about it; we are simply in favour of transparency.

CHAIR: There is some sort of joint responsibility between your Ministry and the Premier's Department?

Mr RAPER: Absolutely. We work very closely with Minister Della Bosca's office.

CHAIR: I have a question that probably Mr Blackwell will answer. In regard to the Legislative Council's inquiry into Serious Injuries and Deaths in the Workplace, what progress has been made regarding the recommendations of that inquiry?

Mr BLACKWELL: My recollection is that, through the Minister, we have advised the House in relation to the addressing of all of the recommendations within that report. Not all of them have been picked up, but that has been the subject of formal advice to the House, I believe.

CHAIR: What would be the major development as a result of that inquiry?

Mr BLACKWELL: I think clearly the introduction in the House of the legislation around workplace deaths. As you would be aware, there have been amendments to the legislation in relation to that and significantly higher penalties in relation to situations where, unfortunately, a workplace death occurs.

CHAIR: The other area that concerned me is the proposal for counselling arrangements. Are those arrangements in place? Have you received any information about how they have functioned when there has been a serious injury or death—contact with relatives and so on?

Mr BLACKWELL: We have appointed a counsellor and that counsellor offers assistance to any relative or friend when a death occurs. The counsellor offers to counsel the families concerned. Of course, that is an issue for the families to take up. Their involvement would clearly be voluntary. The service has received a good response and I believe families are very appreciative of the counselling that has been offered.

The Hon. JOHN RYAN: Minister, can you explain to the Committee what services are provided by the Executive and Ministerial Services unit, which I think is known as EMS?

The Hon. JOHN DELLA BOSCA: Is it in the Department of Commerce or in WorkCover?

The Hon. JOHN RYAN: I think it is in WorkCover.

The Hon. JOHN DELLA BOSCA: I will defer to Mr Blackwell to answer that question.

Mr BLACKWELL: The EMS has a range of functions. It handles correspondence, both for me and for the Minister, and it provides policy advice. In the main, it handles correspondence that comes in and out of the department and assists the Minister in responding to correspondence.

The Hon. JOHN RYAN: Would it also draft the Minister's responses to parliamentary questions and briefings that the Minister would require, or that you require, in the WorkCover area?

Mr BLACKWELL: Yes, it would.

The Hon. JOHN RYAN: Is it limited only to the WorkCover area?

Mr BLACKWELL: Yes, it is.

The Hon. JOHN RYAN: Am I correct in my understanding that the EMS has a complement of 14 staff?

Mr BLACKWELL: Can I take that question on notice?

The Hon. JOHN RYAN: No. I think we need to know how many staff it has.

Mr BLACKWELL: It currently has 19 staff.

The Hon. JOHN RYAN: What would be the total salaries bill for that office?

Mr BLACKWELL: I will clearly have to take that question on notice.

The Hon. JOHN RYAN: Is its manager employed as an SES or as an SO1?

Mr BLACKWELL: As an SO1.

The Hon. JOHN RYAN: There would be at least two other officers in management positions in that office who would earn salary packages in excess of \$100,000, is that correct?

Mr BLACKWELL: Yes, that is correct.

The Hon. JOHN RYAN: The bulk of the staff, except for a couple of clerks, would probably be on salary packages ranging from \$60,000 to \$100,000.

Mr BLACKWELL: Yes, they would, and those figures of course include superannuation.

The Hon. JOHN RYAN: Why is it necessary in handling the correspondence and briefings of a Minister for one aspect of his portfolio to have a staff that would rival the staff of small primary school? The Minister also has a number of his own staff as well as his ministerial staff.

The Hon. JOHN DELLA BOSCA: If I may intervene, Mr Chairman, we are quite happy to provide details of the full responsibilities of the section involved. It is important for the Hon. John Ryan and the Committee to be aware of the fact that WorkCover has an enormous statutory responsibility. It responds regularly to a very large number of parliamentary inquiries and both the chief executive and I respond in a timely fashion to quite urgent public inquiries and those from parliamentary colleagues of Committee members around the table. As this appears to be the direction in which the Hon. John Ryan intends to pursue his inquiries, I can assure him that the people involved are fully employed carrying out functions that are in the public interest, not in my interest.

Mr BLACKWELL: If I may add to that, we receive 2,500 items of correspondence a year, all of which require a reply. They are items of correspondence to both the Minister and to me. As you have pointed out, the EMSU provides support to me as well as, clearly, to the Minister. We have more than 1,000 freedom of information [FOI] requests a year, which are also processed through that unit. You would be aware that some of those requests for information are quite detailed and require a detailed response and considerable work in terms of compiling those responses for FOI. So there is a significant workload in that unit in relation to all those issues.

The Hon. JOHN RYAN: If I roughly divide the 2,500 letters to which you referred between the 19 staff, it works out at about 125 letters for each of them a year. I think I deal with a similar volume of correspondence and I have far fewer than 19 staff to help me.

Mr BLACKWELL: I am sorry, but I must correct an earlier statement. There are 2,500 items of correspondence for me and 2,500 for the Minister.

The Hon. JOHN RYAN: So they have 250 letters to write a year. Given that most of those letters would go to the department to get a briefing first and then come back largely to be checked by your office—so they would not need to be written but simply co-ordinated—why is it necessary for

the lowliest paid person in that office to earn more than the average schoolteacher? I do not understand why it is necessary to have 19 of them.

Mr BLACKWELL: As I have already indicated, they do not only do correspondence. They do freedom of information requests and there are thousands of those that, within themselves, can be quite complex and require the getting of items of correspondence, papers and so forth from a number of parts of the WorkCover Authority. Secondly, in relation to the correspondence, the correspondence is frequently quite complex and requires complex information from a number of areas of the organisation. In my view, the people in the EMSU do a terrific job. They work extremely hard and extremely long hours and they provide a good service.

The Hon. JOHN RYAN: How many pages of briefings did the EMS provide to the Minister for today's estimates hearing?

The Hon. JOHN DELLA BOSCA: I must point out that, based on Mr Blackwell's evidence, the EMSU spends more time working on inquiries from the Hon. John Ryan and Mr Hartcher than it does on material for me. But I am happy for Mr Blackwell to answer the specifics of your question.

Mr BLACKWELL: We have not counted the pages—I can perhaps provide more accurate information later—but it is somewhere between 50 and 60 pages.

The Hon. JOHN DELLA BOSCA: Would the Hon. John Ryan prefer that I come to this hearing unprepared?

The Hon. JOHN RYAN: Not at all, Minister. I admire the fact that you are well prepared but I notice that there are some 20 people behind you holding your hand plus the four that you have at the table. I think that is a phenomenal level of preparation but some people might question whether it is an appropriate use of resources.

The Hon. JOHN DELLA BOSCA: We take our accountability to the Parliament very seriously.

The Hon. JOHN RYAN: I am sure you do. How many members of the EMS unit currently hold acting positions in other areas of WorkCover?

VICKI TELFER, General Manager, Strategy and Policy Division, WorkCover New South Wales, affirmed and examined:

CHAIR: What is your role?

Ms TELFER: My role as general manager encompasses having line responsibility for the Executive Ministerial Services Unit. The manager of the Executive Ministerial Services Unit reports to me. I report to the chief executive officer [CEO]. May I have the question again because I did not quite understand it?

The Hon. JOHN RYAN: I have forgotten myself.

The Hon. JOHN DELLA BOSCA: It was how many people in EMSU are acting in other positions.

The Hon. JOHN RYAN: That is right.

The Hon. PETER PRIMROSE: You need some help drafting these questions.

The Hon. JOHN RYAN: Sadly I do not have 19 people to help me.

The Hon. JOHN DELLA BOSCA: You have someone of seniority, the shadow Attorney-General helping you.

The Hon. JOHN RYAN: And he has one, so between us we have got four and you have got 20 for one portfolio.

The Hon. PETER PRIMROSE: Thank goodness you are not running it.

CHAIR: We will concentrate on the department's staff, not the members' staff.

Ms TELFER: Are you asking whether there are people in the Executive Ministerial Services Unit who are acting in those positions or if there are people in the Executive Ministerial Services Unit who are acting in other positions in the organisation outside? I am just trying to make sure I answer your question properly.

The Hon. JOHN RYAN: As I understand it, there may be a number of people who are permanently or substantially in EMSU but have transferred to other areas to act in other positions. How many people have done that?

Ms TELFER: I think we have got one person who was our freedom of information officer. She was recruited through a merit selection to act in a higher position in another part of the organisation. In fact, it is very interesting that staff of the EMSU are so highly regarded within the organisation that people constantly poach them. I actually see that as being quite a compliment to the work that those staff do, the skills that they have and the service they provide both to the CEO, the Minister and to the Parliament that they are so regarded and are actively recruited. My understanding is that there is only one person who holds a permanent position with the EMSU who is acting in another part of the organisation.

The Hon. JOHN RYAN: Were you responsible for the introduction of an item called the cameo program?

Ms TELFER: We have introduced a replacement program called cameo. It is a system that is the electronic correspondence system for the organisation. We had a previous system, whilst it was very good, it did not have all the features that were required to ensure that we could get the smooth administration of correspondence and briefings. So we have introduced a replacement system very recently.

The Hon. JOHN RYAN: When that was first introduced did you not raise some concerns about the program with some members of your information technology [IT] department?

Ms TELFER: I think as you introduce any new kind of program there are always some teething problems. I just think it would be foolish to say that you could introduce something and not have any kind of teething problems or any kinds of things that you need to have tweaked. That is just normal business.

The Hon. DAVID CLARKE: So you did raise concerns?

Ms TELFER: There were a couple of things—it was not concerns—that we wanted tweaked on the program, some extra information recording to me. There was nothing that generally concerned me.

The Hon. JOHN RYAN: Did you express those concerns in a forceful manner?

Ms TELFER: I cannot recall doing that.

The Hon. DAVID CLARKE: Could you have expressed them in a very forceful manner to other members of staff?

The Hon. PETER PRIMROSE: Just like we did when broadband was introduced here.

The Hon. DAVID CLARKE: Could you have expressed them in a very forceful manner to some of the other staff?

The Hon. JOHN DELLA BOSCA: On a point of clarification: I cannot anticipate where this line of questioning is going. It seems to me that Ms Telfer has answered the substantive questions which were: What does cameo do? Is it operating well? If it is relevant that there is some issue in regard to the tone of inquiries by Ms Telfer or any staff of WorkCover I think Committee members should put it directly rather than attempt to beat around the bush.

The Hon. JOHN RYAN: I am not beating around the bush at all.

The Hon. DAVID CLARKE: I am asking the questions because I do anticipate in which direction they are going. You had some deep concerns about the program and you expressed them very strongly to other members of the organisation.

The Hon. PETER PRIMROSE: That is a statement, Mr Chair, not a question.

The Hon. DAVID CLARKE: It is a question.

The Hon. PETER PRIMROSE: No, that is a statement with a lot of pejoratives written into it. You can see where members of the Opposition are trying to go. Instead of playing Perry Mason games get to the end and ask a question instead trying to build up a case while pretending you are a junior Perry Mason. If you have got an allegation, make it.

The Hon. DAVID CLARKE: Yes.

The Hon. PETER PRIMROSE: Yes, I know you are a lawyer but this is not a court room. In a court room there are rules. Here we are told there are no rules about questioning but there is decorum. How about just asking the question?

The Hon. DAVID CLARKE: Thank you for your assistance.

The Hon. PETER PRIMROSE: I can also point out that people can take questions on notice.

The Hon. DAVID CLARKE: I will put my question again.

Ms TELFER: I reassure the Committee that cameo is in place and working very well. I am very happy with it. I have expressed my appreciation to people for all of the work that they have done in implementing cameo. I leave my comments at that point.

The Hon. JOHN RYAN: Will you give the Committee some indication why two members of the IT department left WorkCover after this incident, and as I understand, specifically attached to some of the harsh criticism you might have made to them about the introduction of cameo?

Ms TELFER: I was not aware that any members of the IT staff had left and no problem has been drawn to my attention by either the manager of the Information Management Branch or by the general manager of that area. I am sure if there had been a problem it would have been brought to my attention. I can just reassure the Committee, as I did a moment ago, that I have expressed my appreciation of the introduction of this new system. It has been brought in, it has been working very well and I am very happy with it.

The Hon. DAVID CLARKE: Mr Raper, you said that the Public Employment Office has existed in various forms for years. When did it change its name to the Public Employment Office?

Mr RAPER: On 1 July 2003.

The Hon. DAVID CLARKE: Why was its name changed?

Mr RAPER: Because of a restructure within Premier's Department and two separate branches in what was previously known as the Public Sector Management Office were brought together. At that stage there were two streams. We brought it together. The Equal Opportunity people came in and there was an amalgamation of all of those, and the Director General determined that it would be called the Public Employment Office, which it had some years earlier been called.

The Hon. DAVID CLARKE: It has been called the Public Employment Office previously, it was changed to another name and then changed back to the same name?

Mr RAPER: That is right. I cannot recall the exact dates or timelines of that.

The Hon. DAVID CLARKE: Would you take that question on notice?

Mr RAPER: I am happy to do that.

The Hon. DAVID CLARKE: Mr Blackwell, the Minister took pride in the fact that there was stabilisation of premium levels, even a drop, I think, in workers compensation. The truth of the matter is, is it not, that that stabilisation has basically been achieved by cutting benefits to workers?

Mr BLACKWELL: No, I do not believe that is the situation. Firstly premiums have not been stabilised, they have been significantly reduced in the past 12 months and it has not been at the expense of workers. There has been, in fact, better outcomes for this scheme because of better performance by agents who work for us and who provide services for us. Essentially what is occurring is that people are returning to work quicker and, in my view, that is in the interests of everybody concerned. It is certainly in the interests of injured workers to get back to work as soon as they possibly can. It is also in the interests of employers that injured workers return to work quickly and continue to provide the employment, if you like, within business. Effectively, that is, if you like, the major reason for the drop in the deficit. There have also been significant positive returns in relation to investments. That also has assisted in the significant reduction of the deficit.

The Hon. DAVID CLARKE: Getting away from the better outcomes for the scheme and looking at outcomes for workers, are you saying there has been no reduction in benefits to workers?

The Hon. JOHN DELLA BOSCA: I am emphatic there has been no reduction in benefits to workers. As the member would be aware if he did some basic research, all of the statutory categories of benefit have been improved. The system of determining permanent impairment used by the Workers Compensation Commission did, shall we say, excite some controversy when it came in. It is now working in a way that the vast majority of people who come into contact with the workers

compensation system find to be fair, deliver fair results, and deliver in many instances higher payments than otherwise would have happened under the old statutory arrangements—the table of maims and so on, which were the old relevant arrangements.

We have identified as a result of that a couple of areas that we have been concerned about. The member would know I made a ministerial statement to the House a couple of months ago that we have made some changes to benefits payable in relation to spinal injuries and related areas where we thought we could increase benefits appropriately. Benefits are quite central to the proper operating of the scheme. The whole point of the scheme is the workers. We have had issues with service providers within the scheme—if you like, rent collectors, to use regulatory language. We do not want to run the scheme in the interests of doctors, lawyers, physiotherapists, rehabilitation specialists, or for that matter politicians. We want to operate in the interests of the people who pay for it, the employers, and most importantly in the interests of the people who are getting injured at work, the workers. We have not had any loss of benefits. Where we have identified areas where we could improve benefits appropriately, we have already been able to do that. I would not suggest the scheme is perfect in the sense of benefits delivered, nor in the sense of the premium, as low as it is, but we are now well and truly on the right track.

The Hon. IAN WEST: Minister, does the Government have any plans to improve the support it provides to workers who have been unpaid or underpaid by their employers?

The Hon. JOHN DELLA BOSCA: There are a number of initiatives that we take in respect of underpayment. One of the key things is a very good and collaborative compliance model. The Office of Industrial Relations is conducting visits to employers all around the State on a regular and systematic basis across industry categories and across geographical areas. That compliance, we find, delivers very good results. The vast majority of employers, especially small employers, want to do the right thing by their employees, and do so.

There are two other things relevant in response to the member's question. One is the announcement yesterday by the Premier and by me about extending the protection of the State's jurisdiction to persons under 18 years of age. Also, we are proposing to increase the small claims jurisdiction limit from \$10,000 to \$20,000 under the Industrial Relations Act. These changes are necessary as levels of pay are rising. The New South Wales industrial relations laws have always played a vital role in protecting workers in relation to smaller claims for back wages and entitlements. Being able to make a small claims application for up to \$20,000 is an important option for any worker who is seeking payment of unpaid wages, independent of any other program. Courts hearing small claims matters are more accessible, and the use of legal representation is discouraged, providing a more level playing field for all parties involved in a dispute. The system provides access to a legal remedy that maintains a real level of protection for workers located within our State.

Unfortunately, the attempt by the Commonwealth to take over the industrial relations area is causing difficulties. WorkChoices demonstrates the Howard Government does not have the same concerns about workers. They are substantially left to fend for themselves. So, without our jurisdiction, both in terms of compliance and in terms of legal and regulatory functions, people placed in a situation where they were left with unpaid wages would not have any protections at all. It has been estimated that the average cost of such legal proceedings, if they were necessary in more formal courts, would be 30,000 to \$40, 000. Of course it would be an absurd for a worker who was owed a very important amount of money to them of \$15,000 to \$20,000, to then risk costs of twice what they had lost. Obviously, that would make it a matter that perhaps no one would pursue.

The New South Wales Government recovered \$3.5 million for workers in the last financial year from its compliance arrangements. These underpayments were detected during 11,600 targeted workplace inspections and 2,100 investigations as a result of complaints. The New South Wales Government and my agencies are committed to providing real support to employees who are still covered under our fair and accessible industrial relations system, and we are trying to make sure that we maintain that system. That is in stark contrast to the position of the Opposition.

The Hon. IAN WEST: In terms of WorkCover and small business safety initiatives, could you inform the Committee about WorkCover's new initiatives to assist small business?

The Hon. JOHN DELLA BOSCA: I have been able to discuss these matters a few times in the Parliament, but I would like to take the opportunity to emphasise a couple of initiatives that I think are not only paying big dividends in terms of workplace safety but also are providing business with accessible information that otherwise would be provided by costly consultants. WorkCover is actively in the marketplace making sure it provides good advice to employers, using a very good framework. Our occupational health and safety laws and the associated regulations are based on a principle that allows flexibility.

One of the gaps in those principles identified during my administration of the portfolio is that smaller businesses often times find it hard to access that new flexibility to provide innovative ways of providing a safe workplace and potentially innovative ways of running a better business. We have some initiatives around a campaign "New South Wales – We Mean Business", but through WorkCover initiatives in particular over the past 10 months we have been able to secure some major improvements in the workers compensation premium arrangements, taking away one of the great uncertainties for small and medium sized businesses which potentially could be confronted with very large hindsight adjustments. Those hindsight adjustments have often caused distress. The most frequent complaint to me about WorkCover from small and medium sized enterprises has been the problem that an accident or claim could result in those businesses suddenly being confronted with a very substantial premium increase. We have smoothed that out, so that no longer is a problem. The premium system operates much more efficiently, and very few businesses will be subject to those kinds of hindsight adjustments, making the premium payment regular and predictable, based on the number of employers they have and their industry classification.

We have been able to do that while delivering a 15 per cent across-the-board cut, which the Committee has already heard. Over the last 18 months we have driven a renewed approach to safety and small business through WorkCover's Business Assistance Unit and the continuation of our small business assistance strategy. Small business is the engine room of the New South Wales economy, and reducing costs for small business and allowing them to grow provides more prosperity, and more jobs, and obviously is driving an improved small business climate. There has been a massive cultural change in the workplace, and that is being driven in no small part by the initiatives that WorkCover and the Government are taking to help small business find easy, accessible tools to a more innovative approach to productive safety. The philosophy driving that is that we want to make sure we are out there helping small business make good decisions, rather than simply be out there with the big stick.

I have been able to attend quite a number of WorkCover's small business access seminars. Right across the board they are widely appreciated by different kinds of businesses that find that safety is troublesome to them. When they have a short session with WorkCover experts, risk management experts, inspectors and former inspectors who walk them through the issues in the workplace, both collectively and on a case-by-case basis, they find the process much simpler and they begin to see that the framework we have in New South Wales, a very good framework, allows them not only to provide a safer workplace in private for their employees, but also greater safety for their customers. Generally speaking, the innovations that they make around safety are often able to be translated into better management of physical risks in their workplace, which delivers more profits in the end. Our fundamental message summed up, although we do not use these terms, is that good business, safe business, is profitable business. That is the equation we are trying to make sure that small business appreciate and understand.

For the Committee's information perhaps we could table a series of WorkCover toolkits and information that we provide on these visits and in these the seminars to small business. They are around the theme of being serious about safe business. The initiative aims to demonstrate to small- and medium-sized business operators that compliance is practical, easy and good for business. One of the complaints about the more flexible framework had been that employers simply could not understand what compliance looked like. The old rules, which had become outdated, the old Factories, Shops and Industries Act, approached the difficulty it in this way: if you would know your particular industry, you knew all the concerns backwards. It did not necessarily deliver a safer workplace, but you could pass the test if you were asked by an inspector. We now ask employers, whose legal obligation is to provide a safe workplace and who have flexibility under the regulation, to provide that in the best and most practical way relevant to the business. What we are doing now, very energetically, at the WorkCover level is pursuing getting that message out and giving the tools to small business to be able to do that.

CHAIR: Would you identify the publications by title if there are two or three, so that they can be tabled?

The Hon. JOHN DELLA BOSCA: There is Serious about Safe Business, a WorkCover publication; Management of Soft Tissue Injuries, a treatment provider's manual; Suitable Duties, information for employers and injured workers; and Safe Business is Good Business. They are probably a good cross-section of the materials and the toolkit we provide.

Publications tabled.

The Hon. IAN WEST: With the New South Wales Opposition policy of vicious cuts of some 29,000 public servants, would you give us an indication of the effects upon WorkCover if that were to occur?

The Hon. JOHN DELLA BOSCA: The Opposition has been light on detail about how it would achieve the 29,000 cuts. It seems to be a bit dependent on which member of the Opposition is speaking and what the audience is at the time. In the country I have heard a claim by some members of the Parliament that these cuts are not proposed to include the country. In outer metropolitan areas it is only the Sydney central business district workers. We know that the figure of 29,000 is probably based on a slapdash guess at 10 per cent of the public sector. The honourable member for Gosford has made statements about getting rid of the entire WorkCover organisation. WorkCover has never been named as one of the front-line services allegedly protected, and that is of great concern given that, despite some attempts to portray otherwise, WorkCover provides vital services to maintain the safety of employees right across both the public and private economy. It also provides the vital instrument to provide compensation to people who, unfortunately, are injured. It supervises their treatment and rehabilitation through agents. Without that critical administrative function the public interest would be lost in a very important area.

For example, WorkCover inspectors clearly hold front-line positions when they attend the scene of a workplace fatality, or any workplace incident or tragedy. The front-line positions involve routine visit to workplaces, either on the basis of complaint or occasional inspection, to make sure that potential workplace injuries are averted. WorkCover inspectors play a front-line role, and by any definition they are clearly front-line staff. WorkCover regional advisory officers play a front-line role when they visit farms, rural and regional businesses, and agricultural field days to distribute information, toolkits and advice about safer workplaces. In my view that is exactly what WorkCover regional advisory officers are. Does WorkCover's Business Assistance Unit constitute a front-line service? I have already outlined the reasons why I believe very strongly it is a front-line service to both small business and employees. If you hold a front-line position, if your role is to ensure that all employers contribute equitably to the scheme—that is the legislation compliance area—it seems to me that it is an elementary front-line position. The former shadow spokesperson for industrial relations, the Leader of the Opposition in the Legislative Council, persistently campaigned on so-called fraud in the workers compensation system. It was the one area in which he was consistent.

The Hon. IAN WEST: By workers, not bosses.

The Hon. JOHN DELLA BOSCA: Mostly, but possibly to do with his previous career. However, considerable effort is put into the Fraud Branch of WorkCover, which is quite even handed in investigating premium fraud by employers and worker fraud, and it is just as vigilant in following up both. Obviously, in my view, it is a front-line service. That is a snapshot of the varying and critical roles that WorkCover officers play. The Government has serious concerns that the Opposition is proposing a slash-and-burn policy in relation to WorkCover. It seems to me that finding 29,000 people to sack in one or two budget periods would mean that WorkCover, based on previous statements by the honourable member for Gosford, would be one of the prime candidates for these kinds of attacks. In May last year the *Australian* ran an article citing a new Opposition policy to stop all prosecutions currently under way for breaches of workplace safety laws.

It is worth remembering that many of those prosecutions involved death or serious injury. One prosecution that the Opposition would recklessly stop, for example, involves a young worker Joel Exner. Members of the Committee would remember this incident. On the third day of his new life at

work in Sydney he fell from a roof of a construction site to his death. He was just 16 years of age. If we were to bring prosecutions like that to an end because the Opposition thinks they are a waste of money it would be ignoring tragedy for the sake of politics and, frankly, being negligent with the public interest. The Opposition's policy is part of a wider campaign to scare employers about what WorkCover's functions are, while we are about making sure that employers understand their obligations and recognise that there are great benefits for employers in creating safer workplaces. In relation to the claim by the honourable member for Gosford that employees in New South Wales have fewer rights than prisoners in Guantanamo Bay—

The Hon. IAN WEST: You cannot get fewer rights than that.

The Hon. JOHN DELLA BOSCA: Yes. It is close to fostering hysteria, and it is of great concern to me. I am worried that there is a campaign by some members of the Opposition to adopt the same attitude to workplace safety as they do with WorkChoices, that this is part of some generic Liberal Party Commonwealth and State campaign designed to create a race to the bottom. In workplace safety that is clearly contrary to the public interest and clearly unacceptable.

The Hon. GREG DONNELLY: Will the Minister inform the Committee about some of the improvements in the State's workers compensation system, which he mentioned in response to an earlier question?

The Hon. JOHN DELLA BOSCA: The scheme had been crippled by debt and bogged down by processes, and encouraged legal confrontation as opposed to mediation and agreement. It goes some part of the way to explaining what the Hon. David Clarke was asking about in his previous questions. The reason we have been able to achieve better results in premiums and the equation of maintaining or improving categories of benefits is that we managed to reduce the extent to which lawyers and law firms, and other ancillary components to WorkCover have been pulling resources out of the scheme. As a result of the Government's reform legislation, which was opposed by the Opposition at the time, the ongoing effort to improve value for employers and injured workers is continuing.

The WorkCover balance sheet is its strongest it has been in over a decade. Costs, delays and disputes have been significantly reduced while injured workers are getting medical and financial support much faster, and the scheme is covering its costs. As a result of the Government's hard work, the Premier has twice announced reductions in premium rates, now totalling 15 per cent, in just 12 months. I might say that the important thing about WorkCover premiums reduction is that small businesses are the principal beneficiaries of those changes.

We hear occasional caterwauling from some advocates around the place and from the Opposition benches about issues such as payroll tax. The fact of the matter is that no small business and very few medium-sized enterprises pay payroll tax, but if even one-person is employed part time employers are obliged to pay workers compensation premiums. So the real effect of workers compensation premiums being reduced on the engine room of the economy is much more profound in terms of incentives for small and medium-size enterprises than any notion of a cut to payroll taxes.

These reductions are the first that have been possible since 1996 and equate to \$430 million in savings for the State's employers, most of which are going to small and medium size enterprises. It is a further sign that we are committed to making sure that there is a good climate for business in New South Wales. That has been possible because of the reforms that we have put in place. I take this opportunity to remind the Committee of some of the fundamentals. We have reduced the deficit from \$3.2 billion in December 2002 to \$1.1 billion in December 2005. This represents an improvement in the scheme's situation of \$2 billion.

The 2006 premiums order shows an average target rate of 2.17 per cent of policies and that is down from 2.44 per cent since December last year and 2.57 per cent last June. We have been reducing the late payment fees applicable to workers compensation premiums and we have introduced a broad range of improvements to premium assessment, which I have canvassed in previous answers. Only the largest of employers, 8 per cent, will have their premiums adjusted for hindsight claims, which means, as I have said, that small businesses now have much more predictable premiums.

Employers are now classified as either small or medium or large. Additional safeguards are available for small and medium size employers by an introduction of a range of caps and maximum premiums that can be charged following a claim. A new formula to tackle additional premiums has been put in place and claim excess is also waived when the businesses quickly report workplace injury. The Government undertook a wide-ranging review of the definition of "worker" to address concerns, albeit in a small proportion of cases, of employers who experienced difficulty in determining for the purpose of workers compensation who is actually a worker as distinct from a contractor.

The subsequent recommendations were taken into account in the workers compensation miscellaneous amendment legislation. As part of the changes under the amended Act, WorkCover will be able to provide private rulings on a worker's status on request. The new model for the management of claims, policies and service is very different from the previous regime and necessitates a demonstration of very high levels of competency and capacity.

CHAIR: As the chairman of many previous inquiries into how to reduce the deficit, it is most pleasing to see that \$2 billion.

The Hon. JOHN DELLA BOSCA: Mr Chairman, I have a chart. I do not know what the procedure is, and you might give me advice on whether I may refer to this. There are two graphs which demonstrate what has happened in the scheme. I have Mr Thomson here who has been sworn. He could quickly explain to the Committee what those graphs mean and what their significance is.

The Hon. JOHN RYAN: I am happy if Government members ask a question like that, Mr Chairman—I think that would be terrific—but the Opposition would like to continue with the Estimates, not public relations from the Government.

Ms LEE RHIANNON: Mr Chairman, if we have time, I would like to hear it.

CHAIR: We will move on to Ms Lee Rhiannon's questions.

Ms LEE RHIANNON: Minister, what are you going to do if you lose the High Court challenge? What will be your next steps in the campaign to protect New South Wales workers from WorkChoices?

The Hon. JOHN DELLA BOSCA: The Popular Front, Lee.

Ms LEE RHIANNON: I think that is something that only you and I understand.

The Hon. JOHN DELLA BOSCA: It is a very good question. At one level, of course, the Government is placing a good deal of stock in the legal advice we have: that we have a good case in respect to the overstretch, the very heroic stretch, on the part of the Commonwealth to use the Corporations Law to regulate employment to the exclusion of State entitlements that are clear in the original Constitution. That is the fundamental point of our argument. We do know—in fact I think it is one of those things that is a bit cross-political—that people have different views about the seemingly inexorable trend toward greater authority residing in Canberra. I think most people who are concerned about the welfare of Australian family lifestyle and the rights of employers would be very, very worried about that trend in the context of WorkChoices. I think that might be a unity ticket. That might be something that many people would agree on.

One of the difficulties here is that in an area where competitive federalism has worked very well for 100 years on a few simple principles being common to all jurisdictions, that is, an independent umpire to hear both individual and collective disputes, there have been really quite clear choices. The argument about efficiency is quite bogus, as I think Ms Lee Rhiannon would recognise. The fact of the matter is employers and workers have been able to deal with those issues very effectively without any great cost. The fact of the matter is that a common rule award system which we have had the benefit of the New South Wales for 110 years—

Ms LEE RHIANNON: Minister, I will interrupt because I do not have much time.

The Hon. JOHN DELLA BOSCA: Okay.

Ms LEE RHIANNON: I really hope the court case wins but I just wanted to ask about the campaign. That was the question. If the High Court case loses, what will you do in terms of campaigning to protect New South Wales workers from WorkChoices?

The Hon. JOHN DELLA BOSCA: The fact of the matter is it becomes an overtly political campaign, Ms Rhiannon, unless the Commonwealth Minister agrees with the submission I made to him before WorkChoices came out. At the Workplace Relations Ministers Council, while my other colleagues were much more impassioned or were much more histrionic about it, I simply asked him the question: What was the Commonwealth trying to achieve? New South Wales would be happy to co-operate if there was a good public policy argument for what they were trying to do. His only response on that occasion was that we had to compete with India and China, that global competition was a problem.

I said to him, "Does that mean that we are trying to compete on the basis of hourly average rates of labour in India and China?" I agreed with the proposition that we have to compete with India and China, but I did not agree that we had to compete by reducing the wages of Australian families to the sort of levels that are applicable in India and China. I then asked him to take the matters back to his Cabinet and that the States would co-operate in building a more efficient industrial relations system, either on the basis of competitive federalism or otherwise, provided that the Commonwealth accepted the fundamental protections we regard as essential. The Commonwealth has consistently declined to do that.

Frankly, that then becomes a matter for the public in elections. We will be happy to loudly advocate the view that the only way that this can be changed is to change the Government at the Commonwealth level.

Ms LEE RHIANNON: The Treasurer has said that he is working on decreasing the budget by 3 per cent. Have you identified which jobs will go, and could you spell that out, please? Or, if you have not, tell us when that will be done.

The Hon. JOHN DELLA BOSCA: Which aspect of the Treasurer's statements are you quoting, please?

Ms LEE RHIANNON: Well, I do not have that in front of me at the moment, but I mean the Treasurer is on record as talking about those cuts and about the 5,000.

The Hon. JOHN DELLA BOSCA: Okay. I understand the basis of your question, thank you. Wage costs have been significant across the public service, but were in part necessary to enable front-line services to recruit and retain quality staff. The previous Premier, Mr Carr, often said that we were quite proud of the fact that we had among the highest paid nurses, police and front-line public sector workers in the Commonwealth. Premier Iemma is very clear on saying that he is proud of the fact that we clearly have the highest paid workers in those categories of essential employment. I also include people like disability workers and other public employees in that. We are of the view that that is appropriate. These people do very hard jobs that are very important, and we think it is proper that they are remunerated, consistent with a fair outcome.

At June 2005 approximately 80 per cent of employees in the New South Wales public sector were employed in front-line positions, that is, teachers, nurses, doctors, police, firefighters, bus and train drivers. I think in my other answer I went through the ways in which I think a wider range of people are actually front line than just those. An additional 8 per cent provide essential support for front-line services. These include education, curriculum developers and so on. Reductions in the public sector will not be allowed to affect anybody in key front-line services. The Government's reduction strategy is based on quarantining key front-line staff. We have identified 17 agencies where these occupations are employed.

The reductions will be achieved by natural attrition, redeployment and voluntary redundancy. We are very conscious of the fact that we have a quality and skilled public sector work force and that there are demographic changes on the way. That means it will be harder and harder to recruit people

into the public sector. We are concentrating on making sure that we are able to redeploy people whose positions are no longer required, because of efficiency drives and so on, into new positions that are created or other appropriate positions. Our fundamental project is to treat our own employees with dignity and to make sure that they are accommodated as best as possible. In respect to savings, we emphasise finding efficiencies, as I said, such as in procurement and other areas that obviously change configurations of back-of-office staff. We are working through a whole range of areas like that. As I said, as a government our two driving principles are, first, that we treat our own staff with respect and try to make sure they get access to retraining skills and whatever else is appropriate, and, second, that we make no cuts that affect essential front-line services.

Ms LEE RHIANNON: I understand what you have said, that nobody will be pushed out by the cuts; they will be through voluntary redundancy and natural attrition. Surely you must have identified which departments, which areas, where you need jobs to go, otherwise it sounds as though it is quite unplanned and uncertain. That is all I am after, because I have a lot more questions.

The Hon. JOHN DELLA BOSCA: I cannot really take the argument much further than to say that, yes, there is a consistent approach. It is consistently informed by no forced redundancies, and is informed by protecting front-line services. We have gone through and made a very precise calculation as to those we want to secure. We have looked at some very clear strategies for identifying savings either by bringing agencies together—common positions that are no longer required—or finding greater efficiencies using information technology or other managerial efficiencies. Or agencies are required to review their back-of-office operations in that way. I am quite confident that the appropriate savings will be made.

Ms LEE RHIANNON: Is it true that asbestos has been found at various New South Wales Government-owned sites in New South Wales? Has it been determined by WorkCover that some New South Wales departments have not kept appropriate records?

The Hon. JOHN DELLA BOSCA: I would be very happy for Mr Watson to answer Ms Lee Rhiannon's question.

Mr WATSON: I do not know that I can answer specifically for particular government sites. I can say that there is an overall strategy for managing asbestos under the Occupational Health and Safety Act and the regulations are quite firm in respect of how material needs to be managed, its removal, and any work that needs to be carried out in structures that may contain asbestos. They are firmly enforced by WorkCover to ensure high levels of compliance. We have an asbestos unit to do that.

Ms LEE RHIANNON: You said that you cannot answer for specific sites. I am surprised by that answer, because in a WorkCover position paper, that is headed "Committee Heads of Workplace Safety Authority" [HOWSA] with an attendee John Watson, one paragraph states:

Asbestos has been found at various government-owned sites in New South Wales and it has been determined that some government departments have not been keeping appropriate records.

How could such an entry have been made if you say that you cannot answer for specific sites?

Mr WATSON: Indeed, the John Watson referred to is me; there are only a few of us in the State. If that is the HOWSA briefing note, we can provide details of that matter on notice.

Ms LEE RHIANNON: What are you doing to ensure that government departments are keeping appropriate records, it is a worry that that information is provided and that you were uncertain in your answer to my original question?

Mr WATSON: The requirement under the occupational health and safety legislation applies equally to private and public sector employers. We undertake the same strategies in both the private sector and public sector to ensure that people comply with the law about asbestos. That means we have inspectors who visit the sites, third improvement notice were required and go through the process of encouraging employers, whether public sector or private sector, to comply with the law. The WorkCover inspectorate is the most active inspectorate in this regard throughout the jurisdictions in Australia. We take a very firm view of this particular substance in workplaces.

CHAIR: To clarify what the Ms Lee Rhiannon was asking you: The inspector could not visit the place if he did not know that the place has asbestos. That seems to be the problem. If you are not sure what locations have asbestos how can the inspector visit?

Mr WATSON: That is correct. If we do not know things are there, we do not visit. However, the regime in New South Wales requires people to advise us when they are going to carry out work involving asbestos. Indeed, the licensing arrangements in New South Wales require work to be done by a licensed contractor over certain square metreage, currently that is 200 square metres. The Government has seen fit to reduce that metreage to ensure that licensed contractors are the only people who remove asbestos in New South Wales. That is a staged an implementation to 50 square metres from 1 January, and to only 10 square metres later next year. That is the process, as jurisdictions tighten up the regime that allows appropriate and very careful management of asbestos in workplaces.

CHAIR: To follow up on an earlier comment I made regarding the reduction in the deficit with WorkCover, how have you achieved that? Could you give the background to the reduction?

The Hon. JOHN DELLA BOSCA: Mr Thomson could address the Committee on that matter.

Mr THOMSON: The improvements in the scheme have come from a range of initiatives. A lot of extends from the flow-on from the 2001 reforms that were implemented which saw a reduction in the number of disputes and a change from a lump sum approach within the scheme to a weekly benefits based arrangement. There is a focus on getting people back to improved health and then back to appropriate work. One of the key aspects to that was increasing or splitting up the decision-making process of agents and insurers in the marketplace, so that they made decisions on a timely basis. In turn, that led to a reduction in the number of disputes been sustained within the scheme—having workers having contact with their employer, their agent and the like. It was a three-point contact occurring earlier. We have seen an improvement in those results.

The continuance rates within the scheme, that is the length of time injured workers have stayed on benefits, has reduced significantly over time, whereby when the changes were made a lot of people expected the duration rates to increase, they have actually reduced down to the levels of the mid-1990s. We have seen a sustained improvement in those areas and, therefore, as a result the deficit has reduced.

Other factors have come into play: the investment returns in the marketplace have resulted in appropriate returns; the reduced time of people on work; the improved service delivery that has come from insurers and agents across the scheme; and also other providers operating within the scheme. The combination of those factors has resulted in improved performance within the scheme.

CHAIR: One other concern was the amount of money spent on legal costs. Would that now be a matter that you have been able to reduce?

Mr THOMSON: No doubt since the 2001 reforms were implemented the amount spent on legal costs has reduced. It is still probably the second highest element of the valuation within the scheme costs. There certainly has been a significant reduction in legal costs paid through the scheme. You have seen the level of disputes reduce from between 30,000 and 35,000 a year to 12,000-odd the year at this time. As a direct consequence there has been a significant reduction in the level of legal costs, together with the fact that because there has been appropriate communication up front and decisions made in appropriate time frames, there has been less need for injured workers to seek legal advice to have their matters resolved.

CHAIR: Can you explain that chart? In all the years that I have been a member of the upper House, we have spent a lot of time debating the \$3.2 billion deficit. The having many attacks on it and it is important that \$2 million has been reduced from the deficit. That is remarkable.

The Hon. JOHN RYAN: By charging people higher premiums. It is terrific!

Mr THOMSON: The premium must have actually reduced by 15 per cent.

The Hon. JOHN RYAN: From record highs.

Mr THOMSON: It is an estimate of how long it will take the deficit, the pink line is how long it would take the deficit to be paid off, back in 2002, which indicates the figure out in June 2012. With the improvements to the scheme—the blue line indicates how the scheme has actually tracked since the 2001 legislative changes, which indicates that the scheme will go back into the black just before June 2008. So there has been significantly improved performance and that even allows for a one-off accounting increase in reserves of about \$500 million.

The Hon. IAN WEST: Could I just clarify one point? We are talking about projected estimates; we are not talking about yearly balance sheets? We are talking about actuarial projected estimates?

The Hon. JOHN DELLA BOSCA: That is correct.

The Hon. IAN WEST: In terms of the yearly balance sheet, we are in the black?

The Hon. JOHN DELLA BOSCA: I would make a point about the other chart, and Mr Thomson may want to elaborate on it. I am a bit colour blind, but the lighter blue line reflects the premium charged in the scheme and the other line reflects the total claims against the scheme in any given year. The fundamental forensics on this, if you want to be forensic about it, is that the changes made by the Fahey and Chikarovski administrations at the time they were dismantling what I refer to as the "Unsworth original WorkCover scheme" is what led to the blow-out and the crisis in the scheme. As you say, we have been arguing about it in Parliament for a very long time. The changes that we have had to make, which were opposed by the Opposition in at least two of the three instances of legislation and regulatory change, are what have put the scheme into recovery. Basically, the graph shows that the policy failures have been with the Opposition.

CHAIR: I turn to another matter relating to occupational health and safety. There is an ongoing concern about the adverse health effects of smoking in the workplace. We recognise that, as a result of legislation, workplaces are now smoke free, except in particular areas in bars, hotels and clubs. How does WorkCover reconcile its role in protecting the health of workers when there remains the opportunity to smoke in those places? The tobacco smoke affects the staff who are required to work in those bars, and there has been evidence in other inquiries of people who had never smoked in their lives being diagnosed with cancer of the throat as a result of the impact of passive smoking. How does WorkCover reconcile that?

Mr WATSON: I am happy to take that question. As the Committee is aware, as from 1 July 2007 smoking will be banned from enclosed spaces in hotels and clubs and other licensed premises. WorkCover's approach has been to assist employers to put in place a management strategy for environmental tobacco smoke exposure. WorkCover has a process of encouraging employers to examine this particular risk within their workplaces, when the matter is brought to our attention. We receive many complaints about this and we deal with them in the field. Inspectors are quite skilled at discussing the strategies that employers can put in place to assist in the reduction of environmental tobacco smoke within a workplace. With regard to the exposure levels, a lot of work has been done to try to determine what is an appropriate exposure level. That has been inconclusive in its results in all sorts of committees around the world, really. There has been very little firm data about an appropriate exposure level. WorkCover continues to assist where it is appropriate, to take action than to ensure that employers manage this risk as they manage and risks within their workplaces under the Occupational Health and Safety Act.

CHAIR: Even with the removal of exemptions in July 2007, apparently there will continue to be some special exemptions extended to the casino in the rooms used for what they call the "high rollers". What is WorkCover's response to that? Does that not continue to pose a health risk for employees working in those rooms?

Mr WATSON: As with any other risk within a workplace, this is a risk that needs to be managed. If there is an exposure, it needs to be appropriately managed and the sorts of strategies that

are put in place are separation areas, or indeed increased ventilation to ensure extraction of smoke away from the breathing zones of staff who might be working in that area.

CHAIR: There has been some controversy in regard to be proposed 75-25 per cent of so-called "open areas" where smoking will be permitted. Has WorkCover made a submission that the ceiling should not be included in that arrangement? Apparently three walls and ceiling is supposedly an open area. Obviously the ceiling will cause tobacco smoke to be retained in the room and affect employees and patrons alike.

The Hon. JOHN DELLA BOSCA: That is very much a policy issue and I will respond to that question on behalf of the Government. There are two issues here and the fundamental point made by Mr Watson in the early part of his remarks is critical. WorkCover's regulatory obligation exists irrespective of issues in respect to licensing matters and other public health issues. WorkCover's obligation is to a safe working environment for employees so that, irrespective of the configurations in other regulatory issues within government—that is, customers accessing bars, clubs, hotels and the like—that is what the set of arrangements you have described are meant to deal with. WorkCover's obligations, irrespective of those things, relate to the health of the employees. Frankly, my view as Minister, which is why I wanted to answer this question rather than leave it to Mr Watson, is that WorkCover will not compromise or be asked to compromise on its obligations in respect of those matters. But its obligations are to the employees and other parts of government regulate the issue of safety in relation to customers, patrons, clients of various organisations that are licensed, such as hotels and clubs.

CHAIR: My concern is that the agency, WorkCover, has a responsibility for occupational health and safety and there is a clash, if you like, between government policy and WorkCover's role in ensuring that protection. If WorkCover does not do it, who will do it?

The Hon. JOHN DELLA BOSCA: I do not see it as a clash in that sense. On my understanding of the legislation and I think it is a pretty general interpretation of the legislation, WorkCover's obligation is to the employees. An best example might be if the Department of the Environment had a view about a dam, or the Dam Safety Committee had a view about a dam. That might be one thing but WorkCover would still have obligations if any employees working on that dam had occupational health and safety issues. The Dam might be declared safe from a public point of view or from an environmental point of view, but the fundamental concerns about occupational health and safety of employees working on or near that dam might still exist. I think that is the way we need to think about the smoking issue. There are rules about environmental tobacco smoke in regard to public health in hotels and clubs and elsewhere. There are also obligations in relation to employees of those hotels and clubs and WorkCover will continue to pursue those no matter what.

CHAIR: Did WorkCover, because of that responsibility for the health of workers and patrons, make any submissions in regard to the feasibility of the 75-25 per cent arrangement or is it merely a spectator? My point is that I believe WorkCover has a responsibility. Of course, WorkCover's view may be rejected by the Government.

The Hon. JOHN DELLA BOSCA: The matter was debated in the Cabinet. My recollection is that I sought advice from my private staff about the issues involved. I believe there is a body of views about individual cases and instances relating to occupational health and safety. A couple of instances were widely reported publicly. As I said, my view in this room is consistent with a view as I put to my Cabinet colleagues and have expressed in the public arena, that is, that WorkCover's obligation are not related to passive smoking; its obligations are to the employees and WorkCover continues to pursue those.

CHAIR: It seems to me that WorkCover has been compromised in its role.

The Hon. JOHN DELLA BOSCA: No. I submit to you that WorkCover does not take that view. As I said earlier, the regulatory arrangements that we operate under are such that we deliberately moved away from an absolutely prescriptive approach. If an individual complaint or an individual inspection shows that there is a potential problem for employees in relation to passive smoking, regardless of whether the place of employment is complying with other arrangements, WorkCover

would still have obligations. So I do not think it is a compromise of WorkCover's responsibilities at all.

The Hon. JOHN RYAN: Mr Raper, what role did you play when you attended a meeting involving some union officials regarding some eight displaced Pacific Power employees in March 2005? Apparently you attended that meeting with Mr Costa, Mr Glenn Bacic and Mr Michael Gadiel.

Mr RAPER: There were a number of meetings around the time that the former Pacific Power, which at that stage was known as the Residual Business Management Corporation, was in wind-up phase. Most of the staff had either been placed in other jobs around the public sector or had taken voluntary redundancy. At that stage we were in the process of trying to place the last eight and, at the end of the day, that was done successfully. My role was to assist in facilitating that.

The Hon. JOHN RYAN: Do you recall the then Minister for Economic Reform, Mr Michael Costa, expressing on two occasions that it was possible to cut the public service by 20 per cent?

Mr RAPER: Mr Costa and others discussed all sorts of things at this stage. I do not recall him talking about 20 per cent directly.

The Hon. JOHN RYAN: Did he talk about any reductions at all?

Mr RAPER: Yes, he often talks about the public sector becoming more efficient. That is a common goal of all agencies.

The Hon. DAVID CLARKE: He suggested more efficiency through reductions, did he not?

Mr RAPER: At that stage I think he said that there was the capacity to reduce employment in the public sector, yes.

The Hon. JOHN RYAN: Did he say words to the effect that the New South Wales Government has 340,000 workers in this State, that 20 per cent were surplus to requirements and that he would do something about it?

The Hon. JOHN DELLA BOSCA: Mr Chairman, I submit that we are well and truly straying into the area of policy when we are editorialising about the innovations of one of my Cabinet colleagues. There is only one issue here. The Government has a clear view as to the issues around government efficiency. We believe taxpayers deserve good value for the dollar, as I said in response to Ms Lee Rhiannon's questions previously. The principle underlying our view is protecting front-line services and the employees who put them in place and support them and, when there is an instance of redeployment or redundancy, treating our employees with proper respect and ensuring that those matters are dealt with.

The important issue is preserving as many skills as possible within the public sector. The Government has determined a target of 5,000 that has been canvassed publicly on any number of occasions by my colleague the Treasurer, Mr Costa, the Premier, every other Minister in the Government and, for that matter, the agencies involved. That is not a State secret; it is the figure that we suggest is an appropriate and balanced result of the kinds of efficiencies that are feasible within all those parameters. The Hon. John Ryan's attempt to find an excuse for the Leader of the Opposition's ridiculous policy of sacking 29,000 personnel over a budget cycle is fairly thin. What the Treasurer might have said at some stage before any government policy was determined is irrelevant.

The Hon. JOHN RYAN: It is not irrelevant in that you have canvassed whether this is appropriate. I want to find out whether it was said. Mr Raper, did Mr Costa canvass the idea of reducing the public service by 20 per cent in those terms on two occasions at that meeting?

Mr RAPER: I cannot recall him being as specific as that.

The Hon. JOHN RYAN: Do you recall somebody described in the media as a "minder" saying, "Hang on, only 10 per cent at most will be surplus" and Mr Costa laughing and saying, "It is more likely to be 20 per cent"?

Mr RAPER: No, I do not recall a minder saying anything like that.

The Hon. JOHN DELLA BOSCA: What is a "minder"?

The Hon. JOHN RYAN: I do not know. So there was no discussion at that meeting of reducing the public service that you can remember.

Mr RAPER: I have already said that there was discussion about the capacity for further efficiencies across the public sector but—

The Hon. JOHN RYAN: What level did Mr Costa suggest at that meeting?

Mr RAPER: To my recollection, he did not put a specific figure on it.

The Hon. JOHN RYAN: So everybody else at the meeting was—

Mr RAPER: I do not know. You are quoting one person. I do not know what everybody else thought or said.

The Hon. JOHN RYAN: I am asking what you heard.

Mr RAPER: I have just told you.

The Hon. JOHN RYAN: How many people were at the meeting?

Mr RAPER: My recollection is that there were probably about 20.

The Hon. JOHN RYAN: So it would have been possible to hear Mr Costa if he said something like that, would it not?

Mr RAPER: Absolutely.

[Short adjournment]

The Hon. JOHN RYAN: Mr Raper, do you recall writing to the Opposition in response to a freedom of information request relating to displaced public servants, "It should be noted that the department does not keep a record of unregistered displaced staff and is not able to report on this group of employees"?

Mr RAPER: Yes.

The Hon. JOHN RYAN: Is that still the case?

Mr RAPER: That is right.

The Hon. JOHN RYAN: Do you recall mentioning that a mandatory registration policy was under consideration at last year's estimates?

Mr RAPER: I was not at last year's estimates, but we have been considering a whole range of policy options in respect to displaced employees, yes.

The Hon. JOHN RYAN: Has that policy option gone any further than a consideration stage?

Mr RAPER: Yes, it has. There have been a number of drafts considered by agencies as well as consultations and discussions with Unions New South Wales and public sector affiliates.

The Hon. JOHN RYAN: Does your office have any idea of the estimated number of displaced public servants?

Mr RAPER: No, it would be silly of me to guess because registration is not mandatory.

The Hon. JOHN RYAN: I do not think it would be silly of you to guess. Are you saying that you are producing a policy on which you are not sure how many people it would impact?

Mr RAPER: No, we are producing a policy that would deal with the situation when agencies undergo restructures, or change their priorities and people become displaced. That happens in a whole range of circumstances and the turnover of those who are registered with us is quite quick.

The Hon. JOHN RYAN: How many public servants are currently registered now as being displaced?

Mr RAPER: There are approximately 297.

The Hon. JOHN RYAN: Are any of them senior executive service employees?

Mr RAPER: No.

The Hon. JOHN RYAN: You have no idea how many there are other than those 297?

Mr RAPER: Short of doing a ring around to all agencies, no, and we have not done that.

The Hon. JOHN RYAN: You have never done that?

Mr RAPER: We have not rung all agencies about that, no.

The Hon. JOHN RYAN: Have you contacted any major agencies to get any sort of impact?

Mr RAPER: We have spoken to some agencies, yes.

The Hon. JOHN RYAN: So you have got at least some idea of the number of displaced public servants in some agencies?

Mr RAPER: Yes.

The Hon. JOHN RYAN: Will you supply to the Committee on notice which ones you have inquired and what the results were?

Mr RAPER: I will take that on notice.

CHAIR: Perhaps you could make for all agencies?

The Hon. JOHN RYAN: For all agencies that you have inquired of, the Committee would be grateful to find out how many there were. Ms Telfer, when Ms Rebecca Denning moved from the office of Sandra Nori to the EMSU was that the result of a merit selection process?

Ms TELFER: Ms Denning was recruited through a merit selection process. There were a number of people recruited directly as a result of that. You may be aware that it is good practise that we keep an eligibility list and Ms Denning was placed on the eligibility list and sometime later a vacancy arose and she was appointed as a result of a merit selection.

The Hon. JOHN RYAN: Who appointed her to that vacancy?

Ms TELFER: I approved the recruitment.

The Hon. JOHN RYAN: Who appointed her to that vacancy?

Ms TELFER: It would have been the chief executive officer of WorkCover.

The Hon. JOHN RYAN: Is it not a fact that the EMS is managed by Ms Denning's partner, Mr Sam Jenkin?

Ms TELFER: The EMS is managed by Mr Sam Jenkin, but I need to let you know that your information is clearly out of date. Ms Denning does not work in the EMS.

The Hon. JOHN RYAN: I am aware that she does not work there any more, I am relating to the fact that when she was appointed is it not a fact that it was managed by her partner?

Ms TELFER: He was acting in that position and she was moved out of that area as a result of another merit selection because we wanted to make sure that there was no conflict of interest.

The Hon. JOHN RYAN: Did Mr Jenkin have anything to do with her appointment?

Ms TELFER: Absolutely not.

The Hon. JOHN RYAN: Was he consulted when she was being considered being moved from the eligibility list into the vacancy?

Ms TELFER: No.

The Hon. JOHN RYAN: Does he normally appoint people to vacancies when they arise?

Ms TELFER: Yes, but he declared a conflict of interest and therefore I took over the process.

The Hon. JOHN RYAN: So he would have declared a conflict of interest knowing that one of the people on the eligibility list was his partner?

Ms TELFER: He declared a conflict of interest right at the beginning of the selection process, not because his partner may or may not have been an applicant for a position, but because he had been working in the area for sometime, he was only acting as the manager of EMS at that time, and he did not believe that he should be involved in the selection process at that time for any of the applicants. It was a very proper process.

The Hon. JOHN RYAN: Who was on the selection panel?

Ms TELFER: From recollection, I cannot recall the name of the independent person and I would need to supply that, but there was one of senior policy officers from the Regulation Development Unit, which is outside the EMS. There was a senior policy officer from the workers compensation division and there was an independent outside of the department.

CHAIR: Do you want the name of the independent person?

The Hon. JOHN RYAN: I am sure it can be supplied on notice.

Ms TELFER: Yes, I am more than happy to.

The Hon. JOHN RYAN: How many legal firms are on retainer to WorkCover to provide services for the prosecution of workers compensation fraud?

The Hon. JOHN DELLA BOSCA: For the purposes of the prosecution of workers compensation fraud? I will check this advice. There is a panel of solicitors firms that WorkCover uses and they are not segregated by particular advice for which they are engaged.

The Hon. JOHN RYAN: It is not a fact that there might only be one firm Turks Legal that provides services in regard to the prosecution of workers compensation fraud?

The Hon. JOHN DELLA BOSCA: I think I just answered the question the other way around. The WorkCover Authority could in fact brief any of the firms that are on its panel of providers.

The Hon. DAVID CLARKE: Does it only brief one firm in regard to workers compensation fraud?

The Hon. JOHN DELLA BOSCA: I would have to seek advice, but Mr Thomson could probably provide some detail on that for the Committee.

Mr THOMSON: My knowledge is that, on issues of fraud, we use a range of solicitor firms; we do not rely on just one.

The Hon. DAVID CLARKE: Are you sure of that?

Mr THOMSON: I can confirm it post-event, but that is my understanding: for fraud issues, we use more than one.

The Hon. DAVID CLARKE: Can we have that confirmed, rather than going on your understanding? Can you take the question on notice and get that information?

Mr THOMSON: Yes, I can.

CHAIR: Would you provide, on notice, the names of the legal companies that are used currently?

Mr THOMSON: Yes.

The Hon. JOHN RYAN: Minister, has WorkCover received any legal advice to the effect that its decision to transfer a number of insurance policies compulsorily to new workers compensation insurance agents may have been in breach of the Trade Practices Act?

The Hon. JOHN DELLA BOSCA: My advice is that we have received no such advice.

The Hon. JOHN RYAN: Have you received any complaints about the compulsory transfer of those workers compensation policies?

The Hon. JOHN DELLA BOSCA: I think it would be fair to say a number of people have raised this issue with me. I have been able to explain to them the reason it has occurred, and I am not aware of anyone permanently aggrieved once they have heard the explanation for the change.

The Hon. JOHN RYAN: I could direct some questions to Mr Watson. Mr Watson, do you recall renegotiating the award that covers WorkCover inspectors and it being changed to include a salary sacrifice and an extra half hour's work in order to enable them to receive a motor vehicle?

Mr WATSON: Could you repeat the question, please?

The Hon. JOHN RYAN: Do you recall negotiating salary arrangements for WorkCover inspectors to include the opportunity for a salary sacrifice of \$30 a week and an extra half hour's work in order for them to be provided with a WorkCover fleet vehicle?

Mr WATSON: I recall negotiating the WorkCover inspectors award, but it does not include the arrangements that you have outlined.

The Hon. JOHN RYAN: Does it include access to a fleet vehicle?

Mr WATSON: It includes access to private use of a motor vehicle, yes.

The Hon. JOHN RYAN: How many daily inspections would your 300 WorkCover inspectors make?

Mr WATSON: If you are talking about an individual inspector making a number of inspections, it is very difficult for me to answer that. I do not have that information.

The Hon. JOHN RYAN: Do you have a target?

Mr WATSON: We do not have target for the number of inspections because clearly the investigation work that inspectors do is extremely complex. It often involves interviewing somebody, perhaps at our offices, with their legal representative where we are conducting an investigation into a tragic workplace incident. So the number of inspections is not the relevant question here; it is the general workload that WorkCover inspectors carry.

The Hon. DAVID CLARKE: You do not know how many inspections have been carried out over a particular period of time question I

Mr WATSON: We certainly have figures on the number of inspections carried out by WorkCover inspectors, yes.

The Hon. DAVID CLARKE: Can you supply those figures?

Mr WATSON: We can take that question on notice and supply those figures.

The Hon. DAVID CLARKE: Is there any one of the 20 or 25 advisers here who could give me some idea of that figure today?

Mr WATSON: No, there is not. I am the person who is here in respect of the Occupational Health and Safety Inspectorate and the WorkCover Inspectorate.

The Hon. JOHN RYAN: Would you have an idea, in rough terms, how many inspections would take place in the course of a year?

Mr WATSON: Being under oath, I am not happy to answer the question.

The Hon. JOHN RYAN: Mr Watson, are not inspections what your agency does? Are you telling me you could not say in rough terms how many they do in a year? It is a pretty basic figure, is it not?

Mr WATSON: First of all, our agency does a range of things. We provide a great number of services to workplaces in New South Wales, and that includes the investigation of some 30,000 complaints, for example, in workplaces. So that would involve quite a number of—

The Hon. JOHN RYAN: You have 30,000 complaints. How many inspections do you do?

Mr WATSON: As I say, is not really about the number of inspections, but—

The Hon. JOHN RYAN: No. But how many do you do?

Mr WATSON: As I said—

The Hon. JOHN RYAN: You say you get 30,000 complaints, and someone else can say approximately 2,500 pieces of correspondence go through the EMS. Inspections are what your agency does. Are you telling us that you have come to this estimates hearing prepared to answer questions, but that the one thing you did not brief yourself on was approximately how many inspections your staff do in the course of a year?

Mr WATSON: I want to be sure that I do not mislead the Committee. Therefore, I am very happy to take that question on notice.

The Hon. JOHN RYAN: Is it in the order of 12,000?

Mr WATSON: I have got to say I would like to take that question on notice.

The Hon. JOHN RYAN: Mr Watson, I am stunned that you have got to take such a basic question on notice.

The Hon. JOHN DELLA BOSCA: Regardless of whether the member is stunned or not, Mr Chairman, he is getting to the point of badgering Mr Watson. My officer said he is prepared to take the question on notice and that he does not have the answer off the top of his head. He is under oath, and he does not want to make a guess. I would think the Committee would expect a proper answer, and it will get one.

The Hon. DAVID CLARKE: Would you agree that one of the most important activities performed by WorkCover inspectors is carrying out inspections? That is their basic task.

The Hon. JOHN RYAN: Would not that be one of your KPIs?

The Hon. IAN WEST: Who is asking the question?

The Hon. DAVID CLARKE: We are each asking a question.

Mr WATSON: I am sorry, but I am a bit confused now about which question to answer.

CHAIR: Mr Ryan will rephrase his question.

The Hon. JOHN RYAN: Are not workplace inspections a key performance indicator for your organisation?

Mr WATSON: Workplace inspections are one of the things we measure about WorkCover's activities, yes.

The Hon. JOHN RYAN: Can you remember, the last time you looked at it, what the figure was?

Mr WATSON: Last time we looked at it, it would have been in our quarterly report. There would have been a range of activities behind that. It would not have been just workplace inspections; it would have been a number of complaints that had been investigated, the range over which they had been investigated, the rate at which they had been investigated, the number of matters that had been investigated, and reference made to our legal department. So it is not just about workplace inspections. WorkCover inspectors also provide information through running seminars and a range of interactions, taking telephone calls from inquiries that are funnelled through our information Centre. The information centre handles many tens of thousands of calls in a year, and they get funnelled through to our technical experts. So a range of activities are undertaken by inspectors, and workplace inspections are just one component of that activity.

The Hon. JOHN RYAN: You receive a quarterly report in regard to those figures?

Mr WATSON: WorkCover does prepare a quarterly report.

The Hon. JOHN RYAN: Can you supply the Committee, on notice, with the most recent quarterly report?

Mr WATSON: Yes, we can.

CHAIR: Would you take that on notice?

The Hon. JOHN RYAN: And you did not bring one with you?

Mr WATSON: No, I did not.

The Hon. JOHN RYAN: I'm stunned!

CHAIR: That brings us to the end of that questioning. We are now moving on to the next section of our, into Commerce, Motor Accidents Authority, and Finance. So if we could have a change of witnesses and representatives required for this section.

The Hon. JOHN DELLA BOSCA: Mr Chairman, could I ask the Committee if it is okay to excuse the WorkCover officials and Mr Raper from the balance of the hearing? The members were concerned that people were waiting up the back. I do not know whether that is an issue.

The Hon. JOHN RYAN: You brought them, Minister.

The Hon. JOHN DELLA BOSCA: I am asking whether the Committee objects to them being excused. If the Committee does, that is fine; they will stay.

Ms LEE RHIANNON: I am in a dilemma, Chair, because I have many more questions for WorkCover. I obviously do not want to stop them from doing their work, but I have heaps of questions for WorkCover.

CHAIR: To whom are they to be directed?

Ms LEE RHIANNON: WorkCover.

CHAIR: To which witness or witnesses would you want to direct them?

Ms LEE RHIANNON: The Minister and witnesses usually make that choice. I am not in a position to determine that.

The Hon. JOHN DELLA BOSCA: Are these matters that could conveniently be dealt with on notice, Mr Chairman?

The Hon. JOHN RYAN: Why not just deal with the whole lot of the estimates on notice?

CHAIR: The Minister is asking whether those particular questions could be taken on notice.

Ms LEE RHIANNON: I always direct questions to the Minister, and he defers to whatever officer he chooses.

CHAIR: But they would probably come from WorkCover.

Ms LEE RHIANNON: Yes, they are all WorkCover questions.

CHAIR: We will ask the WorkCover executive officer to remain.

Ms LEE RHIANNON: If we do not get time for those questions, what will we do?

The Hon. JOHN RYAN: We can always call them back.

CHAIR: No.

The Hon. JOHN RYAN: Yes. We are either having estimates, or we are not.

The Hon. JOHN DELLA BOSCA: I am not arguing that we are not.

CHAIR: I am organising this, Mr Ryan.

The Hon. PETER PRIMROSE: The Committee resolved, in a deliberative, the time that we wanted. I am not objecting, but it is not fair to blame the Minister or anyone else because we are—

The Hon. JOHN RYAN: Ms Rhiannon got all of 15 minutes because he gave a long-winded performance. And he arrived here 10 minutes late.

The Hon. JOHN DELLA BOSCA: I did not.

The Hon. PETER PRIMROSE: Now you are complaining because the Minister has given you answers to questions!

The Hon. JOHN RYAN: Ms Rhiannon got less time to ask questions than she would normally get in a two-hour estimates hearing.

The Hon. JOHN DELLA BOSCA: Mr Chairman, for the purpose of the record, I was here five minutes early and was asked by the attendant to leave because the Committee was in deliberative session. As soon as I was advised that the Committee was ready for me, I walked from my office, less than 55 metres away, to this room. So any suggestion by the member that the Committee was delayed because I was late is, frankly, a lie.

The Hon. JOHN RYAN: You gave a 15-minute address.

The Hon. JOHN DELLA BOSCA: Anybody can use the record to abuse people, but you should maintain at least some level of decorum.

CHAIR: Ms Lee Rhiannon would like to ask some more questions on WorkCover. Mr Blackwell will remain.

The Hon. JOHN DELLA BOSCA: That is fine.

CHAIR: He can move to the table when required. I had planned to go to the Government members. But perhaps Ms Lee Rhiannon should go next day so that Mr Blackwell would know that he could then leave.

Ms LEE RHIANNON: I do those questions first?

CHAIR: Yes.

The Hon. PETER PRIMROSE: We are happy with that.

CHAIR: You start your 10 minutes now.

Ms LEE RHIANNON: I understand that Peach Advertising was engaged by WorkCover to develop an advertising campaign focusing on slips, trips and falls. Will you inform the Committee how much money was paid to the Peach organisation in 2005-06?

Mr BLACKWELL: I would have to take that on notice. You are correct in relation to Peach Advertising being employed for that purpose.

Ms LEE RHIANNON: Could you tell us what the money was paid for and why the advertising campaign was withdrawn?

Mr BLACKWELL: The advertising campaign has not been withdrawn. The advertising campaign has been delayed. Peach Advertising was asked to do the creatives around the slips, trips and falls campaign. We know that there are large numbers of injuries through slips, trips and falls, and Peach has been asked to continue with that.

Ms LEE RHIANNON: Why was it delayed and what is the timeline for bringing it forward?

Mr BLACKWELL: We were not ready to go with that campaign.

Ms LEE RHIANNON: Can you say why that is? I understand that falls may be the highest cause of injury at work. Why has there been this delay?

Mr BLACKWELL: Falls are not actually the highest cause of injury at work, manual handling is. But there are a significant number of injuries in relation to slips, trips and falls, and we wanted to get the campaign correct or right, if you like, before we run with it.

Ms LEE RHIANNON: How many certificates of competency were issued by WorkCover up until 1997? I appreciate that you may not be exact, but if you could be in the ballpark.

Mr BLACKWELL: Is it possible for John Watson to answer that question?

Ms LEE RHIANNON: Yes.

CHAIR: Or take it on notice?

Ms LEE RHIANNON: He is here.

CHAIR: Prior to 1997?

Mr WATSON: I do not know that I can give you an accurate figure. Prior to 1997 the system that had been in place had been in place were many years, and certificates were issued for a lifetime. The figure would be in the hundreds of thousands, but some of those licences would have been issued in the early 1950s.

Ms LEE RHIANNON: Can you explain why these licence holders must get a replacement certificate?

Mr WATSON: Certainly. As part of the process for rectifying the licensing system following the ICAC inquiries and moving to a national standard we have gone through a process of inviting people to convert their pre 1996 certificate to a national certificate under the national standard for—

Ms LEE RHIANNON: Sorry to interrupt, but why was 1997 picked?

Mr WATSON: That is when the national standard came into effect. Certificates issued after that period have been issued under the national standard. They are national certificates of competency and they are mutually recognised around Australia.

Ms LEE RHIANNON: Can you give an assurance that proper proof of identity checks were used for all certificates issued by WorkCover from 1997 onwards?

Mr WATSON: With the process that was in place there were clearly some difficulties with proof of identity, which were revealed as part of the ICAC inquiries. WorkCover has taken steps to modify the licensing system to ensure that proof of identity is appropriately carried out. From Monday morning we will have a proof of identity check, which is 100 points. A credit card-style certificate will be issued with the applicant's photograph on the card. It is all a part of the regime of ensuring that we have nobody operating pieces of equipment that have not been appropriately certificated.

Ms LEE RHIANNON: Up until Monday morning are you confident that all of them have had proper proof of identity checks? I asked the first question because there are so many. I think we are talking up towards one million. Are you confident that proper checks are in place?

Mr WATSON: For the information of the Committee it is not upwards of one million. There are really two major groups of people when it comes to certification, the pre 1996 ones, which are pre the national standard, and the post 1996 ones. The number of certificates held on our databases for post 1996 is about 300,000, and about equally that number for pre 1996. Of course, many of those people will not use their certificates. No doubt some of them would be residing in the Rookwood Cemetery. The certificate was for life, so consequently the numbers are small. The number of conversions we have done from pre 1996 to national certificates is in the order of about 34,000, which gives you an indication of the transfer to the national system. There are about 350,000 to 400,000 certificates held on our database at the moment.

Ms LEE RHIANNON: It is a huge undertaking, but you are confident it has all been done?

Mr WATSON: Yes, we are confident. The reason we are going through the process is to ensure that we know that people who hold the certificate are, indeed, holding it, having completed the appropriate training.

Ms LEE RHIANNON: How much revenue does WorkCover expect the certificate conversion program to raise?

Mr WATSON: The conversion process will not raise any revenue. It is a cost-neutral environment. We have cost that as basically \$30 per certificate, and that is really to cover the cost of doing that and issuing the new card.

Ms LEE RHIANNON: I will move to the Licensing Unit of WorkCover. How many temporary staff has WorkCover employed in the Licensing Unit in the last two financial years? I am interested in both agency temps and WorkCover temps.

Mr WATSON: I will have to take that on notice. I do not have that split up here.

Ms LEE RHIANNON: But do you have a figure?

Mr WATSON: Suffice to say, though, we have employed quite a number of temporary staff to go through this conversion process. We do not need to increase the number of staff permanently in the licensing area because, clearly, once you have done the conversion process, you do not need that number of staff to run normal business. But I am happy to take the numbers on notice.

Ms LEE RHIANNON: Okay. Is it true that staff members have worked for periods of up to 20 days without a day off because there has been such an enormous workload?

Mr WATSON: No, I do not believe that would be the case, but I am certainly happy to check that and take it on notice.

Ms LEE RHIANNON: I was just interested because I am hearing that a lot of people are having to work on weekends.

Mr WATSON: They certainly have worked overtime on a Saturday.

Ms LEE RHIANNON: But I am being told that it is up to 20 days straight.

Mr WATSON: No. I do not think we have worked on a Sunday, so I do not think people have worked for 20 days straight.

Ms LEE RHIANNON: Please check that. Is it true that there are currently arrears of up to five months with certain types of licence applications?

Mr WATSON: No, that is not true.

Ms LEE RHIANNON: So there are no arrears in, for example, national certificates of competency applications?

Mr WATSON: There would not be arrears of five months. There would be arrears of a number of days because of the processing time, but there would certainly not be a five-month delay, no.

Ms LEE RHIANNON: You do not believe there is a problem of understaffing in this unit, in coping with all this work?

Mr WATSON: I do not believe that is the case. We have been very flexible about ensuring that we have taken on board additional staff to try to maintain the processing. Indeed we have even used accommodation at our Londonderry base, at our testing centre at Londonderry, to accommodate

that staff. That is really to do with the large quantity of processing we have to do. The number of staff involved and the flow of work is monitored by the licensing managers. We adjust staff suitably to make sure that we have good turnaround times.

Ms LEE RHIANNON: I was interested to read this week that Victoria and New South Wales have announced that they will harmonise their WorkCover safety issues. I am interested in what harmonisation means. Do we go down to Victoria's level, or do they come up to ours?

Mr WATSON: Certainly the principle by which we approach any agreement about operations across State borders is that the New South Wales view is that we will not move our standard down at all to a standard which is less than what we now require for workplaces in New South Wales.

Ms LEE RHIANNON: I might take that back to you, Minister. How do you enter into an agreement if there is such a difference in standards? What do you have in place?

The Hon. JOHN DELLA BOSCA: I think it is a bit of a leap to assume that there is a huge deficit in standards in Victoria, but you have asked a policy question. My public position on this has been unequivocal, that is, that New South Wales will not participate in a process, whether it is sponsored by the Commonwealth or otherwise, that reduces the standards of safety that we have in New South Wales. But what we have found, and it is due to a lot of hard work by Mr Watson and his counterpart in Victoria and Mr Blackwell and his counterpart in Victoria and other officers of WorkCover, is that there are a lot of ways in which we can make it simpler for employers engaging staff across two borders. Indeed, I suppose, it is therefore a better deal for employees if we have similarity of regulations and frameworks. That is what we are focusing on. Most of these do not actually deal with safety standards per se and outcomes. For those that will, we will be insisting on the highest common denominator, not the lowest common denominator.

CHAIR: We will move on, if that concludes your questions.

Ms LEE RHIANNON: Yes, thank you, Mr Chairman.

CHAIR: If you have any other questions, you may put them on notice. Thank you very much for your co-operation.

(The witnesses withdrew)

DAVID BOWEN, General Manager, Motor Accidents Authority, and

MICHAEL COUTTS-TROTTER, Director General, Department of Commerce, sworn and examined:

KEVIN COSGRIFF, Deputy Secretary, New South Wales Treasury, and

PAT MANSER, Deputy Director General, Department of Commerce, affirmed and examined:

CHAIR: Now that the other witnesses have returned, we will move to questions from Government members.

The Hon. GREG DONNELLY: I direct my question to the Minister. It has been made very public, and the New South Wales community is well aware, that the Opposition plans to destroy, slash and burn 29,000 jobs of State sector employees in New South Wales. That is plainly on the record. Can you please tell Committee members what impact on the Office of Public Works and Services these job cuts will have across the public sector, particularly in regional and rural New South Wales?

The Hon. JOHN DELLA BOSCA: It has obviously been referred to a number of times by the Premier that the 29,000 public sector job cuts cannot be found in Sydney alone. Cutting 29,000 public sector workers would be felt most heavily in regional areas through the loss of jobs and also the loss of services that those jobs provide in those communities. In many cases, the city-based businesses would be in a position to provide cost-effective services to replace those currently provided by the Office of Public Works and Services across the State. The net effect would be the elimination of jobs in country areas and their transfer to the larger metropolitan centres.

The Office of Public Works and Services' share would have to be approximately 350 jobs across regional New South Wales. The plan by the Leader of the Opposition, Mr Debnam, would result in 27 jobs going in Bathurst, 19 in Coffs Harbour, 18 in Dubbo, 47 in Lismore, 92 in Newcastle, and 19 in Tamworth, to name just a few. Along with the loss of jobs, there would be other adverse impacts on regional communities. There would be the deterioration of the level of service delivery in regional New South Wales, particularly in respect to schools, water projects, hospitals, courthouses, gaols and other critical regional infrastructure. Country councils will lack the expertise within their work forces to manage private sector consultants for the design and delivery of water and sewerage infrastructure. There will be fewer project managers to oversee the delivery of a variety of projects.

Project officers may be the back office staff that Mr Debnam is talking about, but project managers prevent cost overruns, delays and problems when facilities do not meet community expectations. Without them, taxpayers will be picking up a lot more of a bill in regard to some of these processes. We are obviously keen to prevent what would otherwise be a result of the Opposition's stated plans, such as the deterioration of schools standards through a reduction of repair and maintenance. That of course would have a detrimental effect on individual student's learning environment. Services previously provided by the Office of Public Works and Services will need to be provided in-house by other government agencies, or outsourced by them.

This would be a retrograde step. It would be a waste for government and it would cause cost blow-outs, the misallocation of resources, loss of whole-of-government expertise, and will result in increased contractual disputes with subcontractors, suppliers and other service providers. All in all, it is an ill-conceived plan, as I have said a number of occasions. In a specific area of important regional services, such as is the Office of Public Works and Services component of the Department of Commerce's ambit, this plan would severely impact on front-line services.

The Hon. GREG DONNELLY: This question goes to the issue of project management fees paid by schools. Are project management fees charged by the Department of Commerce to schools fair and reasonable?

The Hon. JOHN DELLA BOSCA: Yes. The Department of Commerce is a fee-for-service agency and provides specialised project management services to schools across New South Wales. Commerce aims to deliver quality projects in the most efficient and safe manner, ensuring that there is

good use of taxpayers' funds while all regulations and standards are met. Commerce has an excellent project management record and has successfully delivered thousands of school projects in a safe and efficient manner. It operates a best-practice project management system that is accredited by the National Association of Testing Authorities

Figures for the 2005-06 year show that 95 per cent of Commerce-managed projects ran to budget and 92 per cent were on time. The United Kingdom benchmark of 70 per cent of construction projects being completed on time and on budget looks pale in comparison. Commerce has a comprehensive construction safety improvement program. In 2005, Commerce-managed construction sites were seven times safer than those of the construction industry generally. Commerce employees are recognised for their project management skills, as evidenced by being awarded national project manager awards. In addition, on 24 August 2006, Commerce project manager, Nick Welling, won the New South Wales Project Manager of the Year Award.

Every parent expects that school buildings and facilities will be properly designed, carefully costed and, above all, safely constructed around the needs of students and staff. The Commonwealth Government's Investing in Our Schools Program guidelines stipulate the use of qualified and experienced project managers on building and construction work and that fees be included in their costing. That is one of the few Commonwealth Government policies with which I wholeheartedly agree. The Commonwealth recognises and understands the value of using a qualified project manager. There has been some politically inspired criticism that was made earlier this year about the way in which the Department of Commerce had managed projects under the Investing in Our Schools Program.

Many of the schools named by various members of the Commonwealth Government and some members of the New South Wales Opposition are not clients of the Department of Commerce. It was wrongly reported that schools in New South Wales are required to use Commerce for project management services. That is not true. Commerce is engaged on a competitive basis, as opposed to other project managers in the private sector. I am advised that the Commonwealth approved grants to 1,665 New South Wales public schools in rounds one and two and that there are more than 1,700 nominations for round three. To date the involvement of Commerce in the Commonwealth program is: 60 requests for advice from schools prior to submission of their nomination; four projects providing full service—project management, design, documentation and contract administration; and 22 requests for advice from schools during construction. Many projects were jointly funded; the Commonwealth grant complemented money fundraised by schools and in some cases by the existing State Government capital works program in the education system.

Incidentally, an independent management firm recently undertook a benchmarking study of Commerce's fees compared to those of private sector firms. For project and contract management, the comparisons revealed that fees range from 4 per cent to 7 per cent for projects under \$500,000, and Commerce's result was 6.5 per cent. For that very competitive rate, the Department of Commerce manages: tendering and contractual arrangements; risk management, probity, project safety and legal responsibilities; making sure all work meets all safety and building standards; occupational health and safety of students, teachers and employees on the site as well as, of course, the critical public safety issue of students; and makes sure that appropriate security checks are carried out on all contractors as part of the school's child protection requirements.

Professional project management helps ensure builders do not underquote to get their foot in the door. This can lead to inferior workmanship and cost blow-outs. Over the years Commerce project managers have been called in to fix projects that have not been up to scratch, putting students, teachers and workers on the school premises at risk. For example, Commerce has seen examples of poorly installed airconditioners where contractors have drilled through asbestos cement sheeting, located fan coil units where pupils could put their fingers inside the units, located fan coil units in positions easily accessible to thieves, and installed systems without checking that there was adequate power in the street to operate the relevant airconditioning systems.

To avoid those situations, the Department of Education and Training has issued guidelines to help the schools and school communities manage projects within that program. The guidelines state that when the potential risks of the project are considered high, the engagement of a specialist project

manager is strongly recommended to manage the risk and ensure that the facilities are fully compliant and fit for the purpose.

The Hon. PETER PRIMROSE: Could you inform the Committee about actions you are taking to improve the provision of disability equipment and aids through a different procurement model?

The Hon. JOHN DELLA BOSCA: This is important matter that we have recently engaged in. Disability equipment and aids are used by hospitals for outpatients and for people who need assistance to live safely and independently as far as possible in their own home. Disability equipment and aids cover a diverse range of products such as the more obvious ones of walking frames, wheelchairs, hoists, beds, continence products, catheters, drainage bags and dressings. The majority of the products such as dressing and continence products are, if you like, standard off-the-shelf items. Other items require modification to meet patient needs, including customisation for in-home use. That might include self-propelled wheelchairs, various walking aids and stands. The modified aids often require ongoing maintenance support and there are substantial inconsistencies in the pricing, supply and availability of equipment and aids.

Given the projection in population growth and the demographic changes, it is projected also that the overall increase in demand for disability aids will be higher. This increase is a result, of course, of persons with a disability surviving longer and a shift towards community care rather than institutional care. New South Wales Health's Program of Appliances for Disabled People is one of the largest users of disability equipment and aids. The program provides equipment, aids and appliances to eligible residents in New South Wales with life-long or long-term disabilities in order to help them live in their communities.

On that program alone the New South Wales Government spends more than \$20 million annually on disability equipment and aids; five years ago it was around \$10 million. Incontinence aids and mobility equipment represent nearly 70 per cent of the usage. Currently there is no dedicated contract for disability equipment or aids in New South Wales. Some of the requirements are covered across various whole-of-government health contracts, and others are purchased outside contract on an as-needed basis or to other agency specific arrangements. New South Wales is not the only State with those concerns; most jurisdictions are in a similar position.

I determine that we could do better and get more value for our investment and improve services for people with a disability by finding a new approach to the way we purchased those aids and equipment. At a recent meeting of Commonwealth, State and Territory government Ministers with responsibilities for procurement, I proposed that the potential for the establishment of a national contract for disability equipment and aids be investigated. Such a contract would also include non-government organisations. I am pleased to report that there was unanimous support from the Ministers to proceed with an investigation of a national contract, including the Commonwealth representative, Senator Colbeck, who was particularly supportive.

The Minister from New Zealand—and some members might be surprised that the Commonwealth has now warmed to invite New Zealand to these meetings, to make up for 1901—was present at the meeting and was very enthusiastic about New Zealand's health system and disability system participating in this program. The goals of the national collaboration effort are: to improve the supply and availability of disability equipment and aids for disabled people; to improve prices through aggregation of requirements and, therefore, be able to purchase more equipment; promote uniformity in product delivery; and improve delivery times.

Having a specific contract to meet the needs of the people in their communities with disabilities will improve access, improve quality, improve the capacity of people to participate in family and community activities; prevent the premature or inappropriate entry into institutional care; and, of course, enhance their continuity of care. One of the potential side benefits of a national contract, or a nationally based supply, is that we could extend the local industry capacity in the supply of various categories of disability equipment and aids. This is not an idea without challenges. However, those challenges can be addressed, and are worth addressing, and a national contract can be formed.

Working collaboratively with the Commonwealth, States and Territories, and indeed New Zealand, I believe we can pool our knowledge, experience and purchasing power. I am pleased to say that the New South Wales Department of Commerce has been entrusted by the Ministers with much of the carriage of this. It is a great example of how the States and Commonwealth should co-operate, for the excellent purposes and, of course, for our collective jurisdictions. The people of New South Wales and, more broadly, of Australia will benefit.

The Hon. PETER PRIMROSE: Will you inform the Committee of Commerce's initiatives to improve the standard of safety on its clients' construction projects?

The Hon. JOHN DELLA BOSCA: I am very pleased to say, as I said before, that Commerce has an excellent safety record. Commerce manages building and engineering works on behalf of State and local government agencies, they are its clients. Commerce managed more than \$900 million of construction and infrastructure projects in 2005-06. Commerce considers site safety of paramount importance. Commerce works with its clients, construction companies, WorkCover, employer associations and unions to improve safety on the construction projects that it manages. The benefits of this co-operative approach to managing safety, based on setting and achieving high standards of performance, is demonstrated through sound safety outcomes on the construction projects that Commerce manages on behalf of its clients.

In 2005, Commerce-managed construction sites had a lost time injury frequency ratio of 3:1 injuries per million hours worked, which compares favourably with the most recently published WorkCover statistics for 2004-05, which records a lost time injury frequency ratio of 21:3 for the construction industry generally. That is, Commerce's contracts are seven times safer than the industry average. Commerce evaluates the safety performance of contractors through its contractor performance report system. This system determines whom Commerce will invite to tender. Poor safety performance means that a contractor will not gain a contract with Commerce.

The department's approach to managing safety is based on the principle of only engaging contractors who have demonstrated satisfactory safety management on previous projects; requiring the contractors to demonstrate to the department, on each project; and how they are effectively managing safety, including a program of audits and reviews. Commerce initially works with its clients to identify safety risks during the design and planning. That is one of the crucial strategies that Commerce uses to eliminate or reduce safety risks before the project even starts. The safety capability of contractors is evaluated before placing them on panels of registered contractors under the department's contractor pre-qualification system. A contractor who cannot demonstrate sound safety management is never pre-qualified.

For all contracts over \$1 million, Commerce requires contractors to have a corporate occupational health and safety management system. That system must be accredited by Commerce, or another relevant New South Wales Government construction agency. It must comply with the New South Wales Government's *OHS Management System Guidelines*, fourth edition. A contractor must have a New South Wales Government-accredited occupational health and safety management system to be pre-qualified for contracts over \$1 million. There are a total of 274 contractors with New South Wales Government-accredited corporate occupational health and safety management.

For contracts under \$1 million the department requires contractors to demonstrate sound record of safety performance. The performance of those contractors is monitored and rated in the contractor performance reports system. Breaches of safety are identified during site visits and audits or reviews are required to be rectified immediately. The emphasis in the Contractor Performance Report system is on raising the standard of performance by contractors and the improvement of their safety management system. In 2005-06 Commerce issued contractor performance reports with ratings of "unsatisfactory" for "marginal" to 33 contractors. Commerce is committed to improving its safety management and, to ensure that, in mid-2005 it undertook a joint review with WorkCover of two \$20 million engineering projects to assess its occupational health and safety [OHS] procedures and contract conditions, and their implementation. The projects were: Dubbo Council's Dubbo Water Treatment Plant, with United KG as principal contractor, and Byron Council's Byron Bay Sewerage Upgrade with John Holland as principal contractor. WorkCover's observations identified scope for improvements in the definition of the roles of Commerce and the principal contractor and related

procedural requirements. Commerce reviewed its OHS management procedures and contract conditions.

The review considered WorkCover's observations, OHS law and policies, legal advice and case law to develop a much stronger risk management approach and better-defined roles. The changes involve a greater focus on ensuring that contractors are engaged only if they have demonstrated the effective implementation of safety. Contract conditions have been revised to explicitly require contractors to demonstrate that they are implementing their safety management plans. Commerce is a member of WorkCover's tripartite Construction Industry Reference Group and it participates in the development of initiatives with other members. Commerce continues to work closely with clients, WorkCover, employer associations, unions, contractors and other government agencies to ensure a co-operative approach is taken to improving safety on its clients' projects. Commerce has forged a close relationship with WorkCover, the construction union and contractors and clients, particularly the Department of Education and Training, to ensure the highest standards are maintained in the management of asbestos issues, including demolition and asbestos removal activities.

The Hon. IAN WEST: How will the New South Wales Government ICT strategic plan, People First, deliver savings and benefits for people in New South Wales?

The Hon. JOHN DELLA BOSCA: People First is a detailed and ambitious four-year ICT plan that rebuilds and reprioritises both our ICT purchasing and how we use it. It is a plan to improve services to the people of New South Wales. It sets a new direction for ICT investment over the next four years and provides the mechanism to deliver ICT savings of \$565 million over four years. People First determines the priorities for the way we want to spend our ICT budget across the whole of government. It aligns planning and expenditure with service delivery priorities. People First aims to keep the costs of delivering new e-government services within current levels of ICT expenditure. Even more important, it is about spending more on front-line technologies such as e-learning, patient care, police operations, and community and emergency services and less on back-office, such as email and payroll systems.

The public wants, and I believe expects, greater choice and equal access to government services, regardless of location or social or economic situation. We have all become very used to the convenience of online banking and most of us occasionally experiment with online retailing, and we expect the same of government. The latest Federal e-government research found that 48 per cent of Australians use the Internet to access at least some government services, up from 39 per cent in the previous year, while 25 per cent of people currently use the Internet only to access government services and they want to be able to deal with one government. This highlights the need for integration across and within government, not only between New South Wales agencies but, where relevant, between other State Commonwealth and local government jurisdictions.

People First makes sure New South Wales government agencies will have common ICT standards, systems and processes to support further e-government initiatives. This will help to reduce duplication of resources, applications and infrastructure. It seeks to remove technological barriers, making it easier to work across organisational and government barriers. It will steer ICT procurement decisions and aggregate purchasing. The ICT savings will be redirected to front-line services, such as health, education, policing, disability services, home and community care, transport and housing. While the plan does not talk about saving money and redirecting money to front-line services, the purpose of the plan and its logic is aimed squarely at spending our resources, that is, taxpayer dollars, in a way that delivers better services more conveniently to the people of New South Wales.

For example, a single government electronic access point will enable the community to deal with one government instead of numerous agencies. Letters emails and telephone inquiries will be tracked and managed across government agencies. This will ensure responses and services are delivered in a consistent way. Already, the Government Broadband Service provides new telecommunications infrastructure to 24 regional centres around New South Wales. This is resulting in lower cost broadband access for families, businesses and communities while assisting government agencies to improve the delivery of key services.

CHAIR: I have some general questions relating to the Department of Commerce. In Budget Paper No. 3, Volume 1, at page 5-3 there is reference to the provision of fleet management vehicle

leasing. I understand you have moved from vehicle leasing to purchasing vehicles. Has that been done for reasons of economy?

The Hon. JOHN DELLA BOSCA: I will ask Mr Coutts-Trotter to respond to that question.

Mr COUTTS-TROTTER: The Government formerly leased its vehicles through Macquarie Bank. Macquarie Bank and other investment banks were happy to offer us that service, but tax arrangements have changed so that the tax advantages that were once available to the banking sector, and therefore made available in part to government, have disappeared. Treasury, through TCorp did some calculations and concluded that it was better for the Government to purchase its own vehicles, and we do. StateFleet owns about 25,000 and there has been a progressive move over the past couple of years to finish those leasing arrangements and move to a fleet that is wholly-owned by government.

CHAIR: You presumably get those vehicles tax-free?

Mr COUTTS-TROTTER: No, we do not. The Treasurer, Peter Costello, removed the sales tax concessions that were available to State governments in 1996 or 1997.

CHAIR: So that there is no advantage now when you resell those vehicles.

Mr COUTTS-TROTTER: No, there is not. It is simply a job of trying to manage the composition of our fleet so that we do not flood any one portion of the market with too many vehicles and depress the price, manage the vehicles as carefully as possible and maintain as well as possible the resale price.

CHAIR: What is the recycle time? Is it two years or four years?

Mr COUTTS-TROTTER: It varies. There is some flexibility in each at it tends to be two to three years.

CHAIR: there has been considerable discussion about converting vehicles to liquid petroleum gas [LPG]. Have you investigated that possibility in order to save money for the State?

Mr COUTTS-TROTTER: We are, and many agencies have made good progress on that front. There are a number of things happening. One is that the composition of the fleet is changing so that there are now more small- and medium-size vehicles—they comprise about 36 per cent of the fleet—and V6s are decreasing as a proportion of the fleet. We are using more smaller cars. A significant proportion of the fleet is powered by LPG. I do not have the numbers but I could find provide that figure to the Committee.

CHAIR: Will you take that question on notice?

Mr COUTTS-TROTTER: Yes.

CHAIR: I have another general question relating to commerce. In Budget Paper No. 3, Volume 1, at page 5-4 there is a reference to the delivery of 30 modular classrooms. Some questions have been asked about a great number of modules being stored and not used. Do you have information on the number of modules the State owns, how many are being used and how many stored?

Mr COUTTS-TROTTER: I do not. I find myself boasting about the capacities of a group of people within the Department of Commerce who developed and designed the modular classrooms. They are the classrooms being used by the Government to introduce the class size reduction program. I draw a distinction between those and the older style demountable classrooms, to which I think you referred. I do not have any information about the numbers of demountable classrooms that are stored. I could try to find out but I suspect that that information is held by the Department of Education and Training and not by us.

CHAIR: Are the modulars used for other purposes?

Mr COUTTS-TROTTER: The new modular classrooms are those being installed as part of the class size reduction program, and they are a very different type of classroom to the demountable classrooms that we saw featured in a newspaper article a couple of weeks ago.

CHAIR: Are you sure that there is no wastage by way of modular classrooms being stored when there is a need within the education system for more classrooms?

Mr COUTTS-TROTTER: The moment we get one of these modular classrooms, it is on its way to a school. There is a massive program of installing them as part of the class size reduction program.

CHAIR: So that the only delay involved would be the delay involved in getting it from point A to point B.

Mr COUTTS-TROTTER: Yes.

CHAIR: Program 5.5 refers to problems with clothing outworkers receiving lifetime entitlements. How many companies or persons have been charged under the legislation for not giving clothing outworkers their lawful entitlements?

Mr COUTTS-TROTTER: I do not know. I will ask Pat Manser, who is the head of the Office of Industrial Relations, to answer that.

Ms MANSER: I do not know the number, Reverend Nile. I will take the question on notice. We try hard not to wind up charging people. We try to work things through with people. With outworkers, as you know, there has been an ongoing attempt to get regulations that people can follow by using the systems that they already have in place to respond to their own commercial needs. So we have a system set up whereby they provide us with information that they are already gathering for their own needs and then follow that up. But I cannot tell you how many prosecutions have occurred. I will take that question on notice.

CHAIR: I understand that you have had some success with big companies using only material produced in a legitimate manner. But there must be some individuals who are definitely rorting the system and abusing outworkers. Has nobody been charged?

Ms MANSER: No, I do not think nobody has been charged. I think some people have been charged but I would prefer to get that number and relay it to you.

CHAIR: It is a small number by the sounds of it.

Ms MANSER: It is a small number because, as you know, they are very hard to find and once we have found them they frequently disappear at that point. It is awkward. In preference to charging or prosecuting people we try to educate them to bring them to the point where they change their systems to adequately remunerate outworkers or workers in sweatshops wherever they happen to be. That is our preference. So there would be more in that category of enforcement than there are in the prosecution area of enforcement. It is not hard to understand why people who are behaving badly would just disappear once somebody walks through the door and says, "You're not doing the right thing."

CHAIR: But those individuals must be using premises. Are you suggesting that they borrow or rent those premises and then leave them?

Ms MANSER: No, they tend not to use ordinary premises. They tend to use homes.

CHAIR: That is what I am getting at. They use homes, garages and so on.

Ms MANSER: Yes. They use garages and people's back bedrooms. So they are quite difficult to find.

CHAIR: So they do not own the premises where they are doing the outworking.

Ms MANSER: Not always, no. Some of them do and some of them do not.

CHAIR: If you find them is it possible to confiscate the premises in the same way that we now confiscate the assets of illegal activities?

Ms MANSER: We do not have a power to do that. We have a power to go into homes if we have a reasonable suspicion that outwork is being carried out on the premises. But we have to find that out first. So it is actually quite a lengthy process. We do get complaints from people, and the outworkers program actually increased the number of people who raised these issues with us. But our prosecution numbers are always small and I prefer to keep them that way. I see prosecutions as a failure, in essence, because people will normally comply with the law once you have drawn it to their attention. So we would prefer to work in that way.

CHAIR: You will take the question on notice and give us the figure for the past 12 months.

Ms MANSER: Yes, I will.

CHAIR: I have a general question about the Motor Accidents Authority. You have introduced a new system whereby you have increased premiums by \$20 in order to provide coverage for children who are involved in accidents. How is that system working? How has the public responded to it? What are its benefits?

Mr BOWEN: The enhancements to the Motor Accidents Scheme commence on 1 October. They introduce two new benefits for all children under the age of 16, who will get medical and rehabilitation costs met through the green slips scheme. In addition, the Lifetime Care and Support Scheme will commence operation for children who are catastrophically injured. The infrastructure for that has been set up and we have put out into the medical community all the guidelines necessary to make decisions about the level and severity of injuries and the procedures for assessment. We have made arrangements with specialist hospitals, particularly children's hospitals, for access, entry and relations that we will hopefully build over a lifetime with the children and their families. The scheme will be extended on 1 October next year to all people who are catastrophically injured.

The premium increases this year are now public. The MAA had estimated that there would be an average \$20 increase to pay for this benefit. However, the insurance industry has filed below that and two insurers have come close to absorbing all the additional costs. Our current estimate is an average increase of about \$14 but a large number of motorists will have no increase at all. Clients of AAMI and NRMA on their headline rate will have no increase at all.

CHAIR: That is excellent.

Mr BOWEN: I think it is a watch-this-space type of area because it is quite a competitive marketplace and it may be that there will be some movement by other insurers to seek to match or get close to that. So the average may decrease further. It is a very pleasing piece of news.

CHAIR: It is good to make clear to the public that they will not all have to pay \$20 extra.

Mr BOWEN: No. It was always about averages any way, going from a low amount to a maximum of about \$30 for high-risk drivers, particularly young drivers who are already heavily subsidised in the scheme. They will still be looking at that sort of increase at that end. But the great majority of motorists in the 30 to 55 age group will face minimal increases.

CHAIR: That is excellent, and the scheme delivers good results.

The Hon. DAVID CLARKE: Mr Coutts-Trotter, does the Department of Commerce have a unit for handling ministerial and executive correspondence?

Mr COUTTS-TROTTER: Yes, Mr Clarke, we do.

The Hon. DAVID CLARKE: What is that unit called?

Mr COUTTS-TROTTER: It is called the Ministerial and Executive Services Unit.

The Hon. DAVID CLARKE: How long has it been in existence?

Mr COUTTS-TROTTER: I cannot tell you for certain. I have only been there two years and it predates me.

The Hon. DAVID CLARKE: Will you take that question on notice?

Mr COUTTS-TROTTER: Yes, indeed.

The Hon. DAVID CLARKE: Thank you. How many staff work in that unit?

Mr COUTTS-TROTTER: Nine people work there. A couple of them work part time and I think they share a job. There is also one excellent person who is on secondment from the Department of Environment and Conservation doing a temporary task for us on corporate governance. So seven to nine people are the usual staffing complement.

The Hon. DAVID CLARKE: Can you get details of the total salary bill for the people in that unit?

Mr COUTTS-TROTTER: Of course.

The Hon. DAVID CLARKE: What sort of level of correspondence is there for those nine people?

Mr COUTTS-TROTTER: I will take that question on notice, although my impression, as someone who has to sign the files as they go through to the Minister, is that they are a very busy unit. There is a lot of correspondence.

The Hon. DAVID CLARKE: Thank you.

The Hon. JOHN RYAN: Mr Coutts-Trotter, could you explain to the Committee the role of the Department of Commerce in the placement of government advertising?

Mr COUTTS-TROTTER: We co-ordinate the placement of government advertising and on behalf of the Government we negotiate very competitive rates for the purchase of media, both broadcast and print. We also facilitate a peer review process. This is a new process that we have introduced following the success of the gateway process on capital works projects, which, in essence, is a process of peer review that aims to bring some quality to capital works planning and delivery. We are trying to improve the quality of advertising planning and delivery as well.

The Hon. JOHN RYAN: Do you also co-ordinate advertising for out-of-budget agencies such as CityRail?

Mr COUTTS-TROTTER: The government advertising policy dictates the scope of our ambit. The policy broadly applies to general government agencies and not to State-owned corporations. However, it does apply to RailCorp and, I think, to Sydney Water. But we find that agencies such as New South Wales Lotteries, which is a very big advertiser, make use of the competitive media rates that we offer because, frankly, they are a lot better than they could buy on their own.

The Hon. JOHN RYAN: I will go through a number of advertising campaigns and ask you which departments sponsored them.

Mr COUTTS-TROTTER: Yes.

The Hon. JOHN RYAN: The New South Wales State plan?

Mr COUTTS-TROTTER: I would need to check that but I think it is the Premier's Department.

The Hon. JOHN RYAN: The industrial relations High Court challenge?

Mr COUTTS-TROTTER: The Office of Industrial Relations.

The Hon. JOHN RYAN: Water for life?

Mr COUTTS-TROTTER: The Department of Energy and Utilities.

The Hon. JOHN RYAN: State Infrastructure plan?

Mr COUTTS-TROTTER: I would check with my colleague at the Treasury but I think that would be the Treasurer.

The Hon. JOHN RYAN: The anti-GST advertisements?

Mr COUTTS-TROTTER: Sorry, the anti-GST advertisements?

The Hon. JOHN RYAN: The advertising about GST not going to the Commonwealth—

Mr COUTTS-TROTTER: Commonwealth State financial relations, that was Treasury.

The Hon. JOHN RYAN: Let's get New South Wales moving?

Mr COUTTS-TROTTER: The public transport campaign was commissioned by RailCorp.

The Hon. JOHN RYAN: A new direction for New South Wales?

Mr COUTTS-TROTTER: That might the State plan, I am not sure.

The Hon. JOHN RYAN: CityRail service improvement and new timetable—I presume that is CityRail?

Mr COUTTS-TROTTER: That would be RailCorp.

The Hon. JOHN RYAN: Police recruitment and extra officers?

Mr COUTTS-TROTTER: That would be NSW Police.

The Hon. JOHN DELLA BOSCA: Ministry, not the commissioner.

The Hon. JOHN RYAN: NSW Department of Commerce would be aware of the costs of the placement of print and broadcast advertising for all of those campaigns?

Mr COUTTS-TROTTER: Yes, we would.

The Hon. JOHN RYAN: You could supply the Committee with all of the details for the full costs of all of those campaigns I have just mentioned in terms of the placement of broadcast and print advertising?

Mr COUTTS-TROTTER: We would be pleased to.

CHAIR: Will you take that on notice?

Mr COUTTS-TROTTER: Yes.

The Hon. JOHN RYAN: Did you come prepared with that information to give to the Committee straight away?

Mr COUTTS-TROTTER: I actually brought a copy of a *Sydney Morning Herald* article with the figures in it. Most of it has been made public already. I am happy to double-check to make sure there are not more current campaigns that have not been covered before.

The Hon. JOHN RYAN: When I ask for the costs of the campaign I mean the full cost of the campaigns from their beginning to end, including all the regional advertising as well?

Mr COUTTS-TROTTER: Of course.

The Hon. JOHN RYAN: Who is the advertising peer review manager? I take it there are different ones for each different campaign?

Mr COUTTS-TROTTER: Yes, it is co-ordinated by the Government advertising agency and there are a pool of peer reviewers who are senior marketing people from around the Government so you might have some people from the Roads and Traffic Authority, which would be the Government's largest general government advertiser or from the Cancer Institute which would be the second largest advertiser. They get together as a group of three people and they review all campaigns costing more than \$50,000. For the purposes of terminology, there is a distinction between campaign advertising and non-campaign advertising. Non-campaign advertising is the printed public notices you see in the Herald and the Telegraph now every Wednesday or recruitment advertisements. But campaign advertising is the sort of campaigns you have just been talking about.

The Hon. DAVID CLARKE: Is there one advertising agency that handles all of this?

Mr COUTTS-TROTTER: No, from memory there are 17 on the Government's pre-qualified list. A variety of agencies are used, depending on the objectives and the creative need of each campaign. Different agencies have different capacities.

The Hon. DAVID CLARKE: Will you provide those details?

Mr COUTTS-TROTTER: Yes, they are actually available on the web site of the Department of Commerce, but we will take that on notice.

The Hon. JOHN RYAN: You referred to the Government advertising agency.

Mr COUTTS-TROTTER: It is a very small group of people within the Department of Commerce who do a number of things. They book advertisements for other Government agencies using the contracts. We facilitate the peer review process. We manage I think through that group jobs.nsw, the Government's online jobs web site. We co-ordinate the printing of the *Government Gazette* and we make the public sector notices available to agencies.

The Hon. JOHN RYAN: In terms of each of the campaigns that I listed earlier, I take it each one of those has a peer review manager and a series of reviewers? Are they individual or is it one group that looks at them all?

Mr COUTTS-TROTTER: No, they would differ from campaign to campaign.

The Hon. JOHN RYAN: At what point do they get reviewed?

Mr COUTTS-TROTTER: They get reviewed as early in the process as possible. In other words, at the point where the agency says "Well, we think we have got a policy that needs to be communicated." The RTA might be considering running a new round of anti-drinking advertisements. At that point they would take their concept and plan to peer reviewers. They might review them at a strategic point, and they may review them later when there is creative material available. It would depend really on the size and complexity of the campaign.

The Hon. JOHN RYAN: Of the ones I mention have any of them been through that process already?

Mr COUTTS-TROTTER: I would assume that all of those, if they have been put to air or published in newspapers, have been through a peer review process.

The Hon. JOHN RYAN: At which point do they assess whether the campaigns are well founded, well informed, explicitly necessary, appropriately developed, effectively creative, efficiently delivered and highly measurable?

Mr COUTTS-TROTTER: When the agency notifies us that it has a campaign that it would like to have peer reviewed.

The Hon. JOHN RYAN: So there would be documentation for each of those campaigns that would outline each of those issues?

Mr COUTTS-TROTTER: There would be documentation associated with all of those campaigns. All of those campaigns are finally approved of by the budget committee or by the Minister for Commerce, acting on behalf of the budget committee.

The Hon. JOHN RYAN: I will ask you to supply some other material with regard to that advertising at a later time that I think we can put on notice instead of dealing with them now. In relation to the New South Wales broadband network?

Mr COUTTS-TROTTER: Yes.

The Hon. JOHN RYAN: The Minister has referred to the fact that the broadband network that the Government has built through Soul Pattinson has got areas which did not previously have access to broadband?

Mr COUTTS-TROTTER: Yes.

The Hon. JOHN RYAN: Would you supply the Committee with information as to where the broadband currently exists where there is not, for example, a Telstra capacity?

Mr COUTTS-TROTTER: I will have to take that on notice, and once again with pleasure we will.

The Hon. JOHN RYAN: Will you comment on the impact of the ACCC decision to ensure pricing, access and equity on Telstra's existing infrastructure, has that had any impact on your costing in terms of the cost comparison between building a new network and using Telstra infrastructure?

Mr COUTTS-TROTTER: I have not had any analysis done on that, suffice to say Telstra was a bidder for the contract that was won by Soul, and Soul delivered a far more competitive price for the backbone network.

The Hon. JOHN DELLA BOSCA: To make it clear for the purpose of further questioning by members of the Committee, the origin is a tendering process. We tendered for the provision of this service, that being integrated broadband service-to-service government agencies and to expand that. One of the benefits we sought to achieve was to expand broadband into several node points and they include 26 locations, which I could provide to the Committee—Mr Ryan has heard of them at least three or four times in answer to other questions in the Parliament—and that is the outcome that has been achieved. A wider range of communities—I can cite tiny communities such as Little Hartley outside Lithgow as one good example and some communities in my near neighbourhood on the Central Coast—now have access to broadband and would not have been able to get broadband through the Telstra network.

The Hon. JOHN RYAN: That is a matter of discussion. How much has the Government spent on this infrastructure?

Mr COUTTS-TROTTER: The Government's expenditure is a purchase of broadband services. Soul, as the Minister mentioned earlier, invested \$43 million in its network. I am happy to take on notice what has been spent on broadband services and report back to the Committee.

The Hon. JOHN RYAN: Have all the nodules of the project now been completed? Are all government agencies who originally signed up for the project now using it?

Mr COUTTS-TROTTER: There has actually been a mad rush on the services. We went to the market in the first instance in the tendering process the Minister was talking about, guaranteeing a certain level of government expenditure as a trigger to encourage the private sector to invest. We will significantly exceed the minimum guaranteed volumes that we committed in that process because so many agencies have looked at this service and realised that it is incredibly competitively prices. It is well below the price that they have been paying for broadband, and a lot of people are taking advantage of the contract.

The Hon. JOHN RYAN: Included in the contract with Soul Pattinson was provision for \$1 million worth advertising to be used by the Government. Has that advertising been used? If so, how was it allocated?

Mr COUTTS-TROTTER: No, it has not been used.

The Hon. JOHN RYAN: How will it be used, then?

Mr COUTTS-TROTTER: I cannot say definitely that it will be.

The Hon. JOHN DELLA BOSCA: Mr Chairman, that is a question for me. Just yesterday I was speaking to representatives of Soul, who actually raised the question with me. I can assure the Committee that we will be carefully considering the best way in which to use that advertising to promote access to the services that are relevant. Obviously, that decision will be made subject to the normal transparency to which all advertising campaigns are subject.

The Hon. JOHN RYAN: So the advertising will relate to the use of this network?

The Hon. JOHN DELLA BOSCA: That is a correct assumption. No final decision has been made, but I think it is fairly obvious, from the framework of the provision of that advertising, that that is both the intention of the offer and the reason why the Government thinks it is particularly useful to demonstrate that we are providing these services. That is a stimulus to economic activity as well as a stimulus to accessing these otherwise high quality services.

The Hon. JOHN RYAN: Minister, did you bring an adviser from Finance?

The Hon. JOHN DELLA BOSCA: Mr Cosgriff is here.

The Hon. JOHN RYAN: I may be able to put some of the questions on notice. What is the Office of State Revenue's fine collection procedure in respect of camera-detected traffic offences involving interstate registered vehicles of less than 11½ tonnes?

The Hon. JOHN DELLA BOSCA: Mr Chairman, I am happy to provide the Committee with a response to that question, but this is a matter very much in the area of Treasury's activities, and that is Mr Costa's area of responsibility. The Office of State Revenue clearly is his ministerial remit. If the member wants me to pursue it, I will happily take it on notice. Perhaps Mr Cosgriff may have an answer to it as his disposal.

The Hon. JOHN RYAN: I guess, since you are Minister for Finance as well, I am a bit lost as to your responsibility starts and ends.

The Hon. JOHN DELLA BOSCA: I regret that you are lost.

The Hon. JOHN RYAN: I did not mean that to be taken cynically, Minister. It is difficult for us because we do not know whether to ask you or Mr Costa Finance questions.

The Hon. JOHN DELLA BOSCA: The simplest way to sum up the responsibility of the Minister for Finance is to say that we handle those aspects of Treasury's activities—and, obviously,

some of this has an immediate overlap with some of the Department of Commerce's responsibilities—that maximise the value of the State's assets, including the State's real property assets by the State Property Authority, and the State's separation funds by the Superannuation Administration Corporation.

Of course, as Minister for Finance, I am one of the two shareholding Ministers for all the State owned corporations. Obviously, that is a responsibility well rehearsed for members here, but it is around the policy framework linked to the various requirements that the Government has of State owned corporations. As Minister for Finance, I was also responsible for the execution of the Snowy Hydro Ltd sale process and sale proceeds—until the Commonwealth Government decided not to proceed with the sale. The Treasurer, my colleague the Minister Costa, remains responsible for the overall management of the budget, the allocation of budget resources, and the making of taxation policy. Those are matters clearly in his area. I am happy to take any questions the member would like to address to me. Obviously, the Government is in a position to provide anything, on notice, that he might require.

The Hon. JOHN RYAN: With regard to the Motor Accidents Authority, I noticed you have commenced the scheme with regard to children, instead of a full commencement of the scheme in October. As I understand it, the number of children covered will be quite small by comparison with the overall scheme. Why have you commenced a full levy when you are only partially commencing the scheme?

Mr BOWEN: The commencement in October has two components. One, it is an enhancement to the CTP scheme for children with non-catastrophic injuries. There is a premium price impact of that. The other is the commencement of the lifetime care and support scheme for children. The difficulty in introducing a new benefit is meshing the underwriting year with the accident year. When you start a new scheme for accidents after a particular date, the policies that have been written include policies that have been written for up to 12 months prior to that date and premiums collected are on a basis different from that applying after that date.

The fairest way to correct for that is to ramp up the premiums incrementally on a daily basis over a full 12 months. We do not do that because of the horrendous administrative inconvenience, primarily to motorists, of not being able to advise them what their premium would be on a particular registration date. So, for the commencement of the scheme for children, the full cost of the flow-on of children's benefits commences from 1 October. But, insurers have to discount off their filings for what we call the unearned premium, that is, premium that they have collected and would have paid out on children catastrophically injured after 1 October had that child made a CTP claim but where the child is now covered under the scheme.

On 1 April the insurers will re-file for the full scheme operating from 1 October next year. That re-file will see an adjustment in components of the total amount of premium paid by the motorist. There will be a reduction in the amount going to CTP policy and an increase in the amount going to the lifetime care levy. But the net effect is exactly the same price to the motorist. So we have attempted to smooth it over the full 12 months, rather than having an incrementally changing amount payable by motorists.

Ms LEE RHIANNON: Minister, I would like to go back to some WorkChoices issues. This week the Premier made an important statement about protecting young people who are in employment. Can you confirm that this law will protect young people on apprenticeships?

The Hon. JOHN DELLA BOSCA: Yes, it will.

Ms LEE RHIANNON: What about people on apprenticeships who are over 18 years of age?

The Hon. JOHN DELLA BOSCA: Regrettably, until the High Court matter is resolved—and I know you do not want to talk too much about that—the Government's capacity to make laws for apprentices that would clearly cancel out WorkChoices claim to regulate employment of people employed by statutory corporations is doubtful. But, if you are making that suggestion, I find that most helpful. I am happy to consider whether or not there might be some extra things we could do on the basis of any statutory powers that we still have in relation to apprentices. It might discern a role for

us. However, I do point out that the Commonwealth did exclude the previously assumed responsibility of the State for regulating child labour, and that is an explicit exemption in the WorkChoices Act. I have to say I think it is a regrettable fact that the Commonwealth has taken employment relations to the point where industrial engagement now becomes a child protection issue. I think that probably underlines why WorkChoices is such bad law.

Ms LEE RHIANNON: Are you indicating that you might take that on notice and explore the apprenticeship issue?

The Hon. JOHN DELLA BOSCA: Mr Chairman, I will take Ms Rhiannon's question on notice. However, I am not familiar with any work that we may have done on that. Ms Manser, is there anything you would like to say now?

Ms MANSER: I doubt that I can help now. Certainly, we can look at it.

Ms MANSER: I doubt that I could help now, but certainly we will look at it.

Ms LEE RHIANNON: You can take it on notice. A few months ago we had legislation that extended protection to workers in State-owned corporations [SOC]. But it covered some and not others. Could you detail why you left out certain sections? It seemed as though they were often in strategic areas, such as authorities that cover ports and transport, et cetera. How did you make that decision and will you extend those laws to cover any other sections of workers?

The Hon. JOHN DELLA BOSCA: I say this most respectfully, the intention is about the workers, not the laws. We are not so concerned about a specific process. Our objective is to protect workers from the WorkChoices takeover, and that provide us with some opportunities. The first one, which Reverend the Hon. Fred Nile asked about earlier, was changes we made to the Public Sector Management Act, which secured persons whose employment was arguably under a constitutional corporation—TAFE workers, the secondary school system for the sake of clarity, health workers in our system and some of the other indirect employees of the Crown, as Reverend the Hon. Fred Nile wants to put it. We roped those persons into Crown protection, in the same way as inner public servants are direct employees of the Crown and protected. But the other group of persons you are referring to are employees of the various State-owned corporations, which are governed by a different Act altogether, the State-Owned Corporations Act. As I said, Mr Costa and I are the two shareholders, and the relevant portfolio Ministers manage regulatory and other arrangements around those State-owned corporations.

At the same time as we passed laws about the inner public sector and extended Crown protection we also passed amendments to the Industrial Relations Act, which allows employers and employers to move effectively their old State industrial relations arrangements into common law deeds or common law agreements, and for those agreements to be determined at both beginning and end, and any disputes about them to be determined by the State Industrial Relations Commission. We provided that legislation so that relevant private employers and their work forces and unions could agree to keep their arrangements in the State system. Some private employers have moved on that and have sought to make common law agreements with relevant unions or their work forces to stay in the State jurisdiction. But one of the important measures is that it would be the mechanism by which our State-owned corporations would be able to protect their employees from WorkChoices, or at least the Government would be able to ensure that the State-owned corporations continue to deal with our employers in the framework of what we think is a better system, the proper system, which is our system. I could not give an exact number, but the vast majority of State-owned corporations and their boards have now entered into, or are in the process of entering into, relevant agreements with the work forces. That is the way they secured the protections of the State system.

CHAIR: You are saying that no more legislation is required?

The Hon. JOHN DELLA BOSCA: Not at this stage.

Ms LEE RHIANNON: All the other SOCs can now move into this regime?

The Hon. JOHN DELLA BOSCA: I cannot be emphatic that all of them are in there yet, but the intention is that they are all moving in there.

Ms LEE RHIANNON: Not that they are, but that they all can?

The Hon. JOHN DELLA BOSCA: However, there is one exception that might be of some concern. One obvious exception is the Rail Corporation, which is very difficult. The honourable member might be aware of some of the industrial history. Rail unions stepped out of the State arrangements in 1923. An entire set of arrangements has grown up around parallels to the old metal trades award, and for all sorts of reasons the rail work force has tended to stay in the Commonwealth system. A moot question at the moment is the future intentions of the rail work force and its union. Obviously, the Government is sympathetic to any representations they might make about trying to change their arrangements. But there is a long history of the rail history in both this State and other States being regulated by the Commonwealth system.

Ms LEE RHIANNON: Would you take on notice which SOCs have come under the State jurisdiction and which have not?

The Hon. JOHN DELLA BOSCA: I am happy to do that, yes.

Ms LEE RHIANNON: Have you or the department called for any specific social policies to assist low-income people affected by WorkChoices? You are putting out measures to cover many workers, but still so many will miss out. Are you looking at anything else to provide protection for workers who will miss out?

The Hon. JOHN DELLA BOSCA: Could you be a bit more explicit about what you mean by additional social measures?

Ms LEE RHIANNON: I am not sure, to be quite honest. I am trying to find out if you are looking at anything other than these legal changes to provide protection to the workers who are right down the bottom who are not in State-owned corporations, because we know that they will be the ones who will miss out.

The Hon. JOHN DELLA BOSCA: Do you mean public employees?

Ms LEE RHIANNON: No.

The Hon. JOHN DELLA BOSCA: In the private economy?

Ms LEE RHIANNON: Yes.

CHAIR: That is the reason for your court challenge, is it not?

The Hon. JOHN DELLA BOSCA: Yes. Obviously, that is the fundamental reason for the court challenge. I already answered the general question in terms of the Government's attitude to resolving this matter finally. It is really a whole-of-government question to state what are the social ramifications and what can be done. One of the primary objectives of the Office of Industrial Relations is to give people as much information as possible about how best to defend whatever rights they have left. We are attempting, where appropriate, to suggest to both employers and employees—we are quite open about it as a Government—that they use the devices that we have created to stay in the State system. It is regrettable that these changes will have significant social ramifications. It is really a question of broad Government social policy to try to ameliorate them.

Ms LEE RHIANNON: Yes, that is true. I move now to information technology [IT] questions. I understand that the New South Wales Government has a contract with Microsoft that expires in 2008. How much does the contract cost the Government?

Mr COUTTS-TROTTER: I will check the exact figure for you, but I think it is around \$40 million a year.

Ms LEE RHIANNON: You will take that on notice?

Mr COUTTS-TROTTER: Yes.

Ms LEE RHIANNON: Considering that it is a lot of money, what steps are you taking to reduce its cost, given that there are cheaper alternatives?

Mr COUTTS-TROTTER: Several. I think you are talking about open source alternatives. The Government is taking steps down that track. In many areas of activity Microsoft is a monopoly, not just in New South Wales but also across Australia and globally, which raises some questions about how you negotiate with them. They have done extraordinarily well because their products are very useful. Within New South Wales we have tried, through the Council of Chief Information Officers to develop a new negotiating strategy with Microsoft, and with other Australian governments we are trying to form a united front in dealing with them nationally so that we can bring the weight of apparently around \$500 million of public expenditure to bear. We do not have a result. It is a little way off. But we are trying a range of alternatives.

CHAIR: We move now to Government members.

The Hon. PETER PRIMROSE: The Opposition has already asked most of our questions. We are happy for them to continue.

The Hon. JOHN RYAN: My survey of a number of small IT companies reveals that they have two major areas of concern when dealing with the Government. First of all, whenever the Government buys from smaller companies it takes ownership of intellectual property. They see that as a significant imposition on their dealing with the Government. I understand that other States take a different approach. Is the New South Wales Government giving it any consideration, given that it provides a significant disincentive to smaller companies tendering for Government IT projects?

The Hon. JOHN DELLA BOSCA: I am happy for Mr Coutts-Trotter to answer that question.

Mr COUTTS-TROTTER: It is a valid point. Our default position in contract, if you like, is that we take the intellectual property, and it is a point that has been raised with me and with the Government Chief Information Officer on a number of occasions. It would make sense, where we do need to secure some control of the intellectual property of something that might be, in effect, jointly developed, that we take a licence over it but allow the company to own the property with other users. I think the short answer is, yes, we are looking at different ways of doing this.

The Hon. JOHN RYAN: Have you conducted any research as to what occurs in other jurisdictions?

Mr COUTTS-TROTTER: Not formally, although we have spoken with colleagues and I think there is a variety of approaches. Not everybody adopts the same default position we do.

The Hon. JOHN RYAN: The other issue they raise constantly is capped liability for businesses. It seems to me that this is obviously a huge disincentive for small and medium enterprises and smaller companies who deal with government on the understanding that they might be completely liable for any computer stuff-up of a huge instrumentality.

The Hon. JOHN DELLA BOSCA: Again, Mr Coutts-Trotter can answer the question, but recently we both attended the ICT Ministers Council and this was a matter of considerable discussion with the industry.

Mr COUTTS-TROTTER: We are attempting to open up the issue. It must be said that the position of the Treasury Corporation is that we should, for a variety of risks, seek uncapped liability. But, of course, the reality is that in many cases there will not be an insurer who is prepared to insure an uncapped risk. I think the agreement generally among governments is that we need to better assess the real risks that we are looking to mitigate and take a more sophisticated approach than always

seeking uncapped unlimited insurance because in some cases it is simply not available, not just from small companies but large firms as well.

The Hon. DAVID CLARKE: Mr Bowen, I think you indicated earlier that, in respect of the new scheme to cover non-negligent injuries to children, two major insurance companies have indicated that they would absorb the costs without increasing premiums. Is that correct? Do I have that wrong?

Mr BOWEN: No, that is correct. There are new rates which retain their headline rate, which is the best rate available for the 30 to 55 year olds at the same amount.

The Hon. DAVID CLARKE: Would that indicate to you that insurance companies still have a considerable capacity to reduce premiums?

Mr BOWEN: What it indicates to me is that the market in CTP is at its most competitive stage ever. The insurance industry has, I think, come to the conclusion that the scheme is operating very stably, very predictably.

The Hon. DAVID CLARKE: Very profitably?

Mr BOWEN: They are making a profit out of it and that they should be seeking to be in the market. As well as those two insurers for this round of premiums, there has been a lot of advertising in the area. That market pressure is continuing to drive the premiums down. The Motor Accidents Authority in the latest round of filings was satisfied on the basis of actuarial advice that it is still fully funded, but we believe that the pressure on price will suppress any rises through normal inflation for about another 12 months.

The Hon. DAVID CLARKE: So you think that there is room for premiums to be reduced further?

Mr BOWEN: Not at the moment. There was a new benefit introduced in that being absorbed is in effect a premium reduction.

The Hon. DAVID CLARKE: By two insurance companies, but not by the others.

Mr BOWEN: Yes.

The Hon. JOHN RYAN: While the insurance companies might be absorbing some of the costs, is it not a fact that the MAA will be levying the full amount of \$20 on the insurance policies that you have planned in the legislation?

Mr BOWEN: No. The \$20 was the estimate of the increased amount to be paid by the motorist. The amount of the levy set to fund the lifetime care scheme is based on a percentage of the premium, which is variable by the class of vehicle and the zone of the vehicle to try to estimate the risk of this coverage.

The Hon. JOHN RYAN: Are you commencing that levy this year at its full rate?

Mr BOWEN: No.

The Hon. JOHN RYAN: How are you making a distinction?

Mr BOWEN: We are commencing that levy on 1 October to cover the cost of children's claims over the first 12 months.

The Hon. JOHN RYAN: What will the amount of the levy be?

Mr BOWEN: The amount that has to be raised in year one to cover children's claims is in the vicinity of \$60 million. I will take the question on notice to give you the exact figure. That

compares to an amount of the levy required to raise \$300 million when the scheme is fully operational for all catastrophic injuries.

The Hon. JOHN RYAN: So there would be a reduced percentage for the first year. You are not asking people to pay a premium for coverage that has not yet started. That is my concern.

Mr BOWEN: No.

CHAIR: And it is less than \$20. You are saying it could be 2 per cent or 4 per cent.

Mr BOWEN: The net effect on motorists would be less than \$20. Our estimate is that it is an average of \$14 across class one. Some other classes fared better and some fared worse, depending on other changes.

The Hon. JOHN RYAN: If this small commencement of the scheme results in \$14 extra for the motorist, might the full commencement of the scheme result in something significantly larger than that?

Mr BOWEN: No. The full commencement of the scheme sees an increase in the levy to provide for the additional no-fault benefits, but it sees a reduction in the amount of the residual CTP premium to offset the risk premium for those claims that are moving into the scheme, and a reduction of profit on reinsurance because of the reduced capital costs in the reinsurance exposure. As I indicated before, when the insurers refiled on 1 April for premiums to apply over the period of commencement of the new scheme, 1 October next year, there will be an increase in the levy, but there will be a commensurate reduction in the residual CTP premium. The next change payable by motorists will be close to zero.

The Hon. JOHN RYAN: How many children who previously were not covered by an insurance scheme will now come into the scheme as a result of the changes in terms of the number of claim you would expect?

The Hon. PETER PRIMROSE: Hopefully, none.

The Hon. JOHN RYAN: I would hope so, too.

Mr BOWEN: We expect around 35 to 40 catastrophically injured children to come into the lifetime care scheme.

The Hon. JOHN RYAN: In a year?

Mr BOWEN: In one year. Of those, the great majority would have had a claim because invariably—

The Hon. JOHN RYAN: They are covered.

Mr BOWEN: Well, the natural tendency is to bring a claim, but increasingly, since the High Court decision in 2002 or 2003 in *Derrick v Cheung*, the insurers have been relying on the decision to deny liability, particularly to child pedestrians. Part of the discussion with the Minister about the introduction of this new benefit was to respond to that by providing the no-fault cover. So, for a number of those children in the current scheme, their claims would have been compromised. It would have been settled at less than the full amount because of the possibility of contributory negligence. But some—a small number—would have been exposed to having no compensation at all where there was no negligence found on the part of the driver.

The Hon. JOHN RYAN: How many would fall into the category of having no negligence found on the part of the driver?

Mr BOWEN: I would probably have to take that on notice. The circumstances where the insurer gets complete verdict for the defendant are limited. It would be less than five a year.

The Hon. JOHN RYAN: In terms of benefit, the main impact of the scheme is that it negates the impact of this court case.

Mr BOWEN: The main impact of the scheme is that it will provide to the families of injured children the knowledge that all of the medical and care costs will be covered from the day of the accident.

The Hon. JOHN RYAN: I am aware of that, but the practical difference is that it negates for families in practical terms the impact of this court case.

Mr BOWEN: Yes. One of the indications of that had been from social workers at the children's hospitals saying that the concern was that, when families were confronted with a denial of liability by the insurer, they simply abandoned the claims, so I have no measure of what claims may have been abandoned. The other element that is relevant in this, is that it is not unusual for children to be injured as occupants of a vehicle in which another family member or parent was driving. There is an enormous reluctance within families in those circumstances to bring a claim, because they are perceived to be attributing blame to the driver. We again have no measure of how many matters where claims are not brought because of those circumstances.

The Hon. DAVID CLARKE: Would that actually go further than negating that court case?

Mr BOWEN: It will. It will apply also to people who are non-catastrophically injured, to provide the full amount of their care, medical and rehabilitation through the CTP scheme.

The Hon. JOHN RYAN: I had the opportunity of questioning you in another forum. I will pursue one of my former areas of interest. How many parents have children who die in car accidents and receive virtually no compensation payment, because the injury is not above the impairment level required to trigger a claim?

Mr BOWEN: I am not able to provide that information. Our systems do not allow us to discern that. Perhaps I will take that on notice, because I am not sure whether I will be able to provide that information. We will know the number of claims by parents for psychological injury as a result of their child's death. I point out that this is not as a result of any change given to the scheme in 1999. This is a function of the operation of the fault-based scheme since it was introduced in 1988.

The Hon. JOHN RYAN: I have a question on the Snowy Hydro from my colleague the Hon. Melinda Pavey.

The Hon. JOHN DELLA BOSCA: She is here in spirit.

The Hon. JOHN RYAN: Indeed. She received correspondence that indicated that some international travel costs were incurred to the value of \$60,000 for flights and \$10,200 for accommodation. She has asked me to inquire as to who were the Government and business representatives who went on that trip?

Mr COSGRIFF: I will take that question on notice. I can say that I suspect no Government or business representatives were on that trip. It would have been to the financial advisers who were beginning the pre-marketing process, the Joint Lead Managers representatives and co-lead manager representatives.

The Hon. JOHN RYAN: The relevant quote from the letter is that the costs include six financial analysts representing the joint lead managers travelling within Australia and to financial centres in Europe, America and Asia; five international flights costing \$60,000, accommodation, meals, taxis and similar expenses in London, New York, Boston—

CHAIR: Do you have the answer?

The Hon. JOHN RYAN: No, I want to find out who they were.

The Hon. JOHN DELLA BOSCA: It was not me.

The Hon. JOHN RYAN: I request an answer. It has been taken on notice.

Ms LEE RHIANNON: Minister, from what I have read, you were short of supporters at the Workplace Relations Ministers Council in May this year. I understand that all present, except New South Wales, agreed to stop requiring certificates of competency for load-shifting equipment under occupational health and safety laws. Considering that New South Wales appears isolated on this, will your Government continue to require certificates of competency for load-shifting equipment?

The Hon. JOHN DELLA BOSCA: Yes, we will. Our view is that that is a basic qualification to secure safety. It remains our view that this is not simply, as people sometimes put in emotional terms, a piece of red tape. This is an important safety net to secure safe workplaces.

Ms LEE RHIANNON: You clearly believe that WorkCover has that capacity to do that on its own?

The Hon. JOHN DELLA BOSCA: Unquestionably. Our view is that that is not the desirable outcome. Our view is that everyone should have listened to us. Unfortunately, the WorkCover advisers are no longer present. New South Wales embarked on the track of self-certification and the like prior to most State jurisdictions. We have gone the full circle on this question. We are satisfied from a probative point of view, from a safety net point of view, and from a work force protection point of view, that the most cost-effective and fairest way of enforcing that is through certificates of competency.

Ms LEE RHIANNON: And the safest way?

The Hon. JOHN DELLA BOSCA: The safest way. There are many risks, including the one that Mr Blackwell and I argued at that meeting very energetically; that is, the corruption risk.

Ms LEE RHIANNON: I return to information technology questions. What percentage of public sector desktop computer systems is using Microsoft Office for document processing? What percentage is using Linux?

Mr COUTTS-TROTTER: I will take that on notice.

Ms LEE RHIANNON: Thank you. The digital divide is compounded by the high price and licensing strategy of Microsoft. Other software companies contribute to that problem. The wide adoption of free alternatives can help reduce the entry price. I imagine you would agree with that, but maybe you do not. Do you agree that we can bring down the entry price? What strategy does the Government have to support free and open source software generally?

The Hon. JOHN DELLA BOSCA: I can answer that, Ms Rhiannon, in a general way. The Government was amongst the first of the Australian jurisdictions to establish a separate panel contract for open source software development. We have taken what I would describe as the best-solution view in terms of recommendations to agencies and our own functions in relation to proprietary software, of which Microsoft is by far the largest producer as opposed to the various open source options. The Government takes the balanced view. As you may be aware, some jurisdictions around the world take an ideological view on the question of open source versus proprietary software.

We take a best-value view and we have made that very clear to Microsoft and other proprietary contractors. We have made it very clear to the open source sector of the industry that the Government is friendly to both products if they suit our purposes and the public interest.

CHAIR: In view of your role as Minister for Industrial Relations, are you taking a particular interest in the welfare of the employees of the Parliament during the current dispute to ensure that no employees lose any of their rights or conditions? Is any person or unit monitoring that situation?

The Hon. JOHN DELLA BOSCA: No. I am inviting a sudden stream of representations, but nobody privately or by way of the relevant union has raised that matter directly with me. That is something that the work force and the union are talking to the presiding officers about: the actual

issues in dispute. My view remains that while clearly there is a difference of opinion between the Presiding Officers on behalf of the budget process and the work force in the Parliament and the union. My view is that the framework we provide—that is as a regulator of industrial matters, to put it in those terms, as the State industrial relations system and the like—will provide for a proper resolution of the dispute in the interests of both parties, if required.

CHAIR: You would wait until the union requested you to intervene?

The Hon. JOHN DELLA BOSCA: Like any member of the ministry, if the union or individuals raise a matter with me, I would clearly represent it. The dispute is best handled by the officers responsible; in this case that is the Presiding Officers. I will leave it at that for the moment, that is the appropriate way. I simply make the point that the Presiding Officers, the union and the work force here, when these matters are resolved, will have access to the industrial tribunal and obviously to maintenance and protection of the award—and all those things are in place.

CHAIR: The point I was making is whether you are keeping an eye on the situation?

The Hon. JOHN DELLA BOSCA: Like every member of this place, Reverend Nile, I am quite interested in the issues. I am keeping an eye on it. As I said, the matter is best dealt with by the Presiding Officers.

Ms LEE RHIANNON: Considering that earlier this year the standard for office documentation representation, the office document standard, was adopted, and I understand that means that Microsoft Office is not standard compliant, what strategy is in place to move the systems using MS Office towards compliance?

Mr COUTTS-TROTTER: I must confess I am not aware of the matter you raise. I will have to take that question on notice and respond to you.

Ms LEE RHIANNON: I do not know when it happened but it happened earlier this year.

The Hon. JOHN RYAN: I want to ask a question about the new procurement policy that was initiated by the Premier. In the Premier's memorandum of 6 July he asked agencies to use the State Contracts Control Board and develop an agency accreditation scheme, and to use Smartbuy for procurement. Has the Government identified whether that is going to result in savings in individual departments, who all seem to have their own procurement officer doing all this work? Have you been able to assess how many people involved in that will no longer be needed to do it in future?

Mr COUTTS-TROTTER: There are two chief benefits of moving to electronic procurement. The first you alluded to is that there is a way of simplifying and expediting processes. That probably means that over time you will probably need fewer people to do it but the major benefit is that it enables an absolutely comprehensive gathering of information about who spends what and where. Two things fall out of that. One, you can identify where staff, for a variety of reasons, are not purchasing through the best contract and direct their expenditure back through it. Second, you can get much better information about what the Government purchases, which in turn allows agencies to form their views about how to approach the market and get long-term value. The assumption is that by moving all major agencies to e-procurement there is going to be a saving. We have not specifically quantified it. There is enough from our experience to date to show that it is worth doing.

The Premier's memorandum as a whole really has one major idea behind it, that is, to professionalise procurement within government. All too often significant procurement decisions are left to relatively junior people and, increasingly, procurement is a profession governed by professional standards that are recognised internationally. One key element of the policy directed towards the accreditation system is that if an agency wants to have greater freedom to make its own procurement decisions, it needs to demonstrate that it has good quality, well-trained staff to do it. It is not a crude notion of simply reducing the number of people involved, it is, better put, an attempt to professionalise the function throughout government and, as a result, get much better result.

Ms LEE RHIANNON: Could I just clarify something about procurement. I saved my questions about procurement for Treasury, because on the web site—

Mr COUTTS-TROTTER: Procurement policy is the responsibility of the Treasurer. We work co-operatively with Treasury to implement procurement within its policy settings.

Ms LEE RHIANNON: Do I take all my questions on procurement to Treasury or should some of them come to you?

Mr COUTTS-TROTTER: If they are policy questions then they are for the Treasurer; if it is a question of implementation it is a question for the Minister for Commerce.

(The witnesses withdrew)

The Committee proceeded to deliberate.
