

GENERAL PURPOSE STANDING COMMITTEE No. 2

Tuesday 6 June 2000

Examination of proposed expenditure for the portfolio areas

SMALL BUSINESS, AND TOURISM

The Committee met at 5.30 p.m.

MEMBERS

The Hon. Dr. B. P. V. Pezzutti (Chair)

The Hon. Dr A. Chesterfield-Evans

The Hon. A. G. Corbett

The Hon. R. D. Dyer

The Hon. I. M. Macdonald

The Hon. D. F. Moppett

The Hon. Janelle Saffin

PRESENT

The Hon. S. C. Nori, *Minister for Small Business, and Minister for Tourism*

Department of State and Regional Development

Mr L. Harris, *Director-General*

Ms J. Ricketts, *Executive Officer, Small Business Development*

Tourism New South Wales

Mr T. Thirlwell, *Chief Executive Officer*

CHAIR: I welcome you to this public hearing of General Purpose Standing Committee No. 2. First, I wish to thank the Minister and the departmental officers for attending today. At this meeting the Committee will examine the proposed expenditure from the Consolidated Fund for the portfolio areas of Small Business and Tourism. Before questions commence, some procedural matters need to be dealt with. As you are aware, part 4 of the resolution referring the budget estimates to the Committee requires the Committee to hear evidence on the budget estimates in public.

Under Standing Order 252 of the Legislative Council, this Committee has resolved to authorise the media to broadcast sound and video excerpts of its public proceedings held here today. The Committee's resolution conforms with the guidelines governing the broadcast of proceedings adopted by the Legislative Council on 11 October 1994. The attendant on duty has a copy of those guidelines should you wish to use them. I emphasise that only members of the Committee and the witnesses before them may be filmed or recorded. People in the public gallery are not considered to be part of the proceedings and, therefore, should not be the primary focus of any filming or photographs. In reporting the proceedings of this Committee, as with reporting the proceedings of both houses of Parliament, you must take responsibility for what you publish or what interpretation is placed on anything that is said before the Committee.

While there has been provision in previous years' budget estimates resolutions for members of a Committee and substitute members to refer directly to their own staff at any time, there is no such provision in the current resolution. Members and their staff are therefore advised that any messages should be delivered through the attendant on duty or the Committee clerks. For the benefit of members and Hansard and the effective operation of this Committee, it is very important that departmental officers identify themselves by name, position and department or agency before answering each question. There is wide latitude allowed in the asking of questions on any of the budget estimates and related documents before the Committee. However, where a member is seeking information in relation to a particular aspect of a program or a subprogram, it will help the Minister and the Committee if the program or subprogram is identified.

The Committee has agreed to the following format of hearings at the Minister's request, and is happy to deal with Small Business first until about 6.25 p.m. and then have a short break, if the Minister wishes, and proceed then with Tourism for one hour. I will attempt to be as fair as possible in the allocation of time, although the Committee has agreed that we will follow a particular line of questioning until that questioning is completed before we go on to the next member. As you are aware, a period of two hours has been set aside for public hearings today. At the conclusion of the hearings, if members have not exhausted their questions to which they require answers the Committee may decide to hold additional hearings before it is required to report on 23 June.

Minister, do you want the Committee to pause when the Legislative Assembly bells ring or just carry on questioning the public servants?

Ms NORI: Why do I not organise to be paired?

CHAIR: It may not happen, but it is one of the questions I have been asked by the clerks to ask. What do you wish to happen?

Ms NORI: I would have to go down to the Chamber, I suppose, until I make some other arrangements.

CHAIR: Would you like the Committee to pause or to carry on asking questions of Loftus Harris or Ms Ricketts?

Ms NORI: To keep going.

CHAIR: They can always defer questions until you come back if they are uncomfortable about answering them.

Ms NORI: I must point out, if it is not already obvious, that I am not that well. I do not wish to rush the Committee, but if we could complete all our deliberations tonight, I would be grateful.

CHAIR: Minister, I have been asked by the clerks to inform you that answers to questions must be relevant. If the answers to questions are unreasonably lengthy, I am able to interrupt. It can be drawn to my attention by any member of the Committee if that is a problem. I remind you that should answers not be

forthcoming the Committee does have the power to summon public servants to give evidence at a later time, and that it is under no time constraint to conclude these hearings. So there may be the need for other hearings. That is not particularly addressed to you, Minister.

Ms NORI: But we can take questions on notice, can we not?

CHAIR: Yes, and they will be tabled. We have resolved that any questions on notice subsequent to these hearings should be lodged by close of business tomorrow with the clerks. Under those circumstances, I ask the Hon. Dr A. Chesterfield-Evans to begin.

The Hon. Dr A. CHESTERFIELD-EVANS: Looking at the budget, Minister, there is not a budget for small business. Can you comment on that?

Mr HARRIS: The budget relates to the Treasurer in his capacity as Minister for State Development. The department operates in support of three Ministers: the Minister for State Development, the Minister for Regional Development and the Minister for Small Business. It is not a dissimilar model, I suppose, to that which was first started in Victoria some years ago and that is continued under the new Government there. It is, in fact, common in a number of jurisdictions where there is believed to be a certain synergy in bringing together the business functions of the Government into one portfolio. The Minister, nonetheless, performs the ministerial functions in relation to the small business aspects of the portfolio.

The Hon. Dr A. CHESTERFIELD-EVANS: Does that mean that the business enterprise centres [BECs] and so on are under this Minister, under Treasury or under State Development?

Mr HARRIS: Under this Minister for the purpose of our operational activities.

The Hon. Dr A. CHESTERFIELD-EVANS: So the BECs for the State—

Mr HARRIS: State involvement with BECs is through small business funding, which is the responsibility of Minister Nori.

The Hon. Dr A. CHESTERFIELD-EVANS: But it is not written as such in the budget papers.

Mr HARRIS: There is a small business component in the budget papers, and you will find on page 21-55 of Budget Paper No. 3 in the operating statement reference to small business development and high growth business programs. These are the small business programs of the department, and it is for these programs that the Minister is responsible.

The Hon. Dr A. CHESTERFIELD-EVANS: So, in fact, those programs could have been under her portfolio but they simply are not because of the consolidated basis.

Mr HARRIS: Yes, for the purposes of consolidation, that is correct.

The Hon. Dr A. CHESTERFIELD-EVANS: So State Development, or is it Regional Development, gives out the money for larger projects and the business enterprise centres have an educational role in much of New South Wales. Is that correct?

Mr HARRIS: Essentially, that is correct.

The Hon. Dr A. CHESTERFIELD-EVANS: What strategies are there to deliver to small business apart from the BECs?

Mr HARRIS: There is a range of small business programs. I will ask Ms Ricketts, if I can, who is the executive director of small business, to address that in detail. The small business programs cover the Women in Business, Aboriginal Business Development programs and the high-growth forums for companies that are exhibiting particularly high growth. It is not a very original name, but it is the best we have. There are small business expansion schemes and a number of small business programs. By the nature of small business, one tends to create a suite of programs that are available to small businesses to access, remembering that there are over 315,000 small businesses in New South Wales. Could I, Chairman, with your permission, ask Ms Ricketts to make a few comments on the component parts of the small business program?

Ms RICKETTS: As Loftus has said, the small business development program has a single line item in the budget and within that we allocate funds to a number of disparate functions managed principally in my division. The business enterprise centres are a large component. We have a small business expansion program, which allows for consultancy assistance to companies on a dollar-for-dollar basis. The Women in Business program was enhanced in last year's budget for the next four years. We run a mentoring program, a six-month program offered in 10 places around the State this year whereby women in the first two years of business operations are matched with established business owners, mainly women, to support their development and act as a sounding board, et cetera. The mentoring concept would be familiar to you, I am sure.

Loftus has mentioned the Aboriginal Business Development program, which operates principally to assist new entrepreneurs in business from indigenous communities and indigenous individuals. In business migrant services we offer an information service to the 44 per cent of all business migrants who come to New South Wales. Many of these come in on criteria that relate to funds, and we see them as having high potential for going to productive investment through trading businesses. We offer a briefing program for those people. We offer innovation support through the innovation advisory services.

Many of these programs are offered through the community or private sector, not delivered directly by the department, so a number of our relationships are with and through other kinds of operations. They are probably the main ones. Probably the largest newer one, not very large, is our small business web site. We are increasingly looking to see what we can put through to the small business community, given its range of diversity and size, through electronic means. We think that about half of even the smallest businesses are now Internet connected, and we see that as a growing area.

The Hon. Dr A. CHESTERFIELD-EVANS: Is there any auditing of the funds given to the business development?

Ms RICKETTS: The department's audit, yes.

The Hon. Dr A. CHESTERFIELD-EVANS: Do you produce reports on which businesses got how much and how successful they were to see where those funds go?

Ms RICKETTS: The businesses that get direct financial assistance, yes, we benchmark their financial performance when we make the grant or subsidy. Then we revisit those financial results in 12 months and then another 12 months after that. Every year in our annual reporting we do a survey—200 businesses last year—where we ring them and ask them about the impact of the program on their business. We ask them for their financial results and we also ask them about the satisfaction or usefulness of what we have offered them. So that there are a range of follow-ups.

Ms NORI: I am sure Ms Ricketts can fill you in on the detail, but my understanding is that our clients, companies that have used our services, tend to distinguish themselves as being of higher growth or that the program leads to higher growth of their company, perhaps enter export markets for the first time or increase their export potential. So, I think there is some evidence to suggest that those companies that choose to use our services do benefit from them and that they actually work.

The Hon. Dr A. CHESTERFIELD-EVANS: Can you give any sort of cost-benefit analysis of the dollars spent from the taxpayers' pocket?

Ms RICKETTS: Yes. The outputs and outcomes indicators in the budget papers are one of those. They talk about the growth rates experienced by these businesses in terms of sales and exports and employment, and we can compare them with other reports of general business conditions. So that is one method to benchmark, to compare. In terms of return or comparable benefit of one method versus the other, as you have heard, we use a range of different ways of addressing business clients and we regularly review them. In fact, every time the budget comes through, we sit down and decide if these programs are still relevant and appropriate, and have a long, hard look at the client feedback to make sure they are.

The Hon. Dr A. CHESTERFIELD-EVANS: How do you relate to the chambers of commerce in each town? They seem to have strategies for their towns which vary in their quality and realism, shall we say.

Mr HARRIS: I will take the question on chambers of commerce. We have actively pursued the view that it is much more effective for us to operate with allies than it is to operate alone, as it were. We have, as a

conscious policy, pursued the objective of working with chambers of commerce, industry associations, various multiplier groups. It is a twofold thing, I suppose, in that, first, it gives us a greater amount of leverage for our dollar in that we are operating in the same area of interest as those organisations and, secondly, it allows those organisations to leverage up our services much more efficiently for their members across the whole range of the States.

It has been a very conscious and public positioning by the department that we try very hard to work with chambers of commerce. We have very close relations with most of those multiplier groups. There are regular meetings, for example, between all of the directors of the department and the directors of groups such as Australian Business Limited, the Australian Industry Group and the Chamber of Commerce in Sydney and it is the same throughout the State. It is one of the greatest tools we have.

CHAIR: Minister, in January you launched Labor's anti-GST study entitled "The Impact of the GST on Small Business in New South Wales".

Ms NORI: That is correct.

CHAIR: The report was completed by Ernst and Young and contained data on four businesses, a sporting goods manufacturer, a jeweller, a smash repairer and—

Ms NORI: An installer and repairer of airconditioners.

CHAIR: Yes. Would you please tell the Committee the names of those four businesses?

Ms NORI: I cannot because I do not know them. The study was conducted in anonymity. Mr Harris can give you the details of the nature of the contract or the nature of the brief given to Ernst and Young. I do not know who they are. I do not want to know who they are. I do not need to know who they are because the whole idea was that these companies were approached on the basis of confidentiality.

CHAIR: Would you please indicate how they were chosen?

Mr HARRIS: The companies were chosen from the clients of the department, firms that we have worked with. I must say my particular concern was to make sure that we had a representative group of companies because at the time we were certainly receiving a lot of anecdotal evidence from the business community who were our clients that they were very uncertain about the impacts of the GST.

CHAIR: So you had nothing to do with the choice of them. Who chose them? Who sent the names to Ernst and Young?

Ms RICKETTS: I did.

CHAIR: On page 5 of the study under the heading, "Misconceptions Identified", Ernst and Young actually say:

Prior to commencing the review, high implementation costs (both in time and dollars) in the areas of technology implementation, record keeping, and stationery (including invoices) were expected. The business owners indicated high implementation costs were not likely, as outlined below.

Ernst and Young went on to say that the upgrades of technology were not primarily driven by the GST but were influenced by other factors, such as ensuring the systems were year 2000 compliant, and the ordinary replacement of hardware and software over time. The study went on to say:

No additional costs will be incurred for the "GST compliant" upgrade of accounting software by the businesses as the upgrade is included in the licence fee paid."

The study then says:

The businesses reviewed have accounting systems in place which track all suppliers received and made by the business. Given the strength of the current systems, no additional time is expected to be devoted to record keeping . . .

Given that that was the finding of this report—

Ms RICKETTS: That was one of the findings.

CHAIR: That was the finding. I just read it out.

Ms NORI: I do not have a copy of that with me but I think you will find there were other findings and I am happy to summarise them for you.

CHAIR: There may well have been, but on the issue of misconceptions, which is what this is all about, that is what they said.

Ms NORI: From memory I recall that Ernst and Young—I stand to be corrected, and I would like a copy if I may have one—pointed out that they felt that the subjects, the case studies, had in fact underestimated significantly.

CHAIR: Perhaps you could send us a copy of that response, but given that the Labor Party's anti-GST campaign clearly misrepresents the result of this study, will they refund the taxpayers the \$19,650, being the cost of the study?

Ms NORI: Mr Chairman, I do not have a copy of the report here in front of me right now. My parliamentary colleague the member for Vaucluse has involved himself in some FOI application in relation to this document. I would have thought he had all the information he required. However, working from memory, I believe that that report was very important because for some time now, and prior to that case study being done, there were reports in the newspapers from the National Tax and Accountants Association, which claimed that the costs would be around \$7,000 and from the Australian Society of Chartered Public Accountants, which indicated that it was seen to be around \$8,000 to \$10,000. The Small Business Association claims it is around \$22,000, and we know Ernst and Young claims it is between \$10,000 and \$20,000.

You should understand that in October or September last I attended, on behalf of the State, the small business Ministers council meeting with our Federal counterpart, Peter Reith. It became very clear at that meeting that he had not understood or perhaps chose not to understand that the implementation costs for small business prior to 1 July—we are not talking post July 1; we are talking about compliance, getting ready to comply by July 1—were far in excess of the \$200 that the Federal Government was willing to offer.

Now, I know that it started off at around \$500, it was whittled away by various processes and it is now down to \$200. It is very important for the small businesses of this State and I, as small business Minister, to have an independent case study that indicates, when you look at a spread of small businesses that encapsulate the various sectors of the business sector, the costs—not only in terms of time but also dollar costs—and the impact that will have on small business. You must recall that by January and even late last year it was very apparent that, generally speaking, small business just did not have, and was not prepared—

CHAIR: Minister, to come back to this report—

Ms NORI: The short answer is no, the taxpayer will not be refunded because the Government is entitled to have independent advice in the light of all the other anecdotal material that was appearing in the newspapers. We were entitled to have some hard evidence to give us some clear guidance and clarity as to the costs.

CHAIR: Minister, when you trotted out this independent report about compliance costs prepared by Ernst and Young, which I said—

Ms NORI: Mr Chairman, do you have a copy of the report?

CHAIR: I have a copy of three pages of the report.

Ms NORI: In that case, may I suggest that we have this discussion when we both have a full copy of the full report.

CHAIR: I am happy to get you back. I thought this was a report that you trumpeted down at The Rocks. I thought you would know the detail of it. All I can say is that it is about the compliance cost. I have the page here about the compliance cost.

Ms NORI: Very well, but all I suggest to you is if you want to take evidence from me and my two departmental people, we should at least all have the benefit of the same document.

The Hon. R. D. DYER: On a point of order: Is there any reason why this document cannot be simply photocopied and a copy given to the Minister?

CHAIR: The Minister should have a copy of it herself. She paid for it.

Ms NORI: I came here to answer questions about the budget.

CHAIR: That report prepared by Ernst and Young was launched at Opals on the Rocks at The Rocks, but was that the person who appeared as the jeweller in the report?

Ms NORI: I have no idea, but I doubt it.

CHAIR: You doubt it. If the actual jeweller in the report was not the proprietor of Opals on the Rocks, was it another donor to your campaign?

Ms NORI: I told you that I have no idea who these four case studies are. I actually do not know who they are. I think Ms Ricketts does, but I do not want her to tell me because this study was done on the basis of confidentiality and their names should not be exposed.

CHAIR: What is the big secret?

Ms NORI: Because they were approached on the basis of confidentiality. If their names were going to be exposed, I would expect that the least we could do is have myself or the department to ring them up and ask for their permission. I do not think that would be a problem.

CHAIR: Why did you then trot out Opals on the Rocks as one of the stars on that day, your talent for the day?

Ms NORI: Because the Opals on the Rocks proprietor is known to me and he is someone who has, over a long period of time, complained quite bitterly and quite properly and quite rightly that the GST is going to create a lot of difficulty for him, not only as a jeweller but also in the context of tourism.

CHAIR: I will come to that. Why could you not get the jeweller acting anonymously to appear to answer questions from the media to support the statements of Ernst and Young?

Ms NORI: Because I would have seen that as a breach of the original contract, if you like, the approach that was made by the department.

CHAIR: Reading the press reports of that day, it is not clear to me that you made it clear to the journalists that your talent for the day, Mr Marsman, was not the—

Ms NORI: I was not asked that question. I do not believe that I was asked that question.

CHAIR: Did you make that clear to the journalists at the time?

Ms NORI: There was no need to because from memory I indicated that the four case studies were done anonymously.

CHAIR: The press release from the Premier does not make that clear.

Ms NORI: Why does it have to?

The Hon. JANELLE SAFFIN: Mr Chairman, you told us that the questions had to be relevant. It appears that you are straying into irrelevancy very quickly.

CHAIR: The relevance is simple: Mr Marsman is mentioned in the press release. It is mentioned in the press release that—

Ms NORI: Of course, because he agreed to.

CHAIR: More importantly, two of the other people who were party to this, namely the sports goods operator and another were present and answered questions of the journalists.

The Hon. I. M. MACDONALD: So what?

Ms NORI: I do not believe that is right. I have never met the man.

CHAIR: The *Daily Telegraph* reports that Mr Anthony Constanton, the workshop manager of Rod Bowen's smash repairs, and Mr Peter Katholosis, the sports goods manager were there and they answered in the *Daily Telegraph*.

Ms NORI: I did not see them. I am sorry, I never met those people to my knowledge. I have no idea who you are talking about.

CHAIR: How did the *Daily Telegraph* find out their names?

Ms RICKETTS: I do not believe they were the people who were in the case studies.

CHAIR: Why were they answering questions when the Minister did her stunt?

Ms NORI: I have no idea. It was out in the middle of the street. People were walking by; there were workers tooting Bob Carr.

CHAIR: Did the Labor Party have any prior connection with the four businesses chosen for this study?

Ms NORI: I have told you, I do not know the identities of these companies. I have no idea who they are, but if the point you are trying to make is that people have political affiliations, let me make it very clear to you that I do not care whether a small businessman votes Labor or Liberal, because the GST is going to screw them up anyway.

CHAIR: Did anybody receive a benefit from your Government for their participation in the Labor Party's stunt on that day, 20 January?

Ms NORI: No.

CHAIR: Did your star talent, the anti-GST media talent operator, Mr Marsman, donate \$500 to your campaign?

Ms NORI: I do not know. I would have to look it up, but I am prepared to accept that he has donated to my campaign. The exact amount I would not have a clue. I would have to look it up.

CHAIR: Does your star talent, a multimillion dollar businessman and party donor Mr Marsman, reside in public housing near his store in The Rocks?

Ms NORI: He lives in The Rocks. Whether it is public housing or not I do not know.

CHAIR: Did Mr Marsman obtain government approval and approval from the Sydney Harbour Foreshore Authority for a lease which he had lost before and had been closely seeking for two years?

Ms NORI: I do not know.

CHAIR: But just a few weeks after this appearance he obtained that lease.

Ms NORI: I have no idea.

CHAIR: Did you make any representation to assist Mr Marsman in obtaining the lease?

Ms NORI: Yes, I did.

CHAIR: Did you indeed!

Ms NORI: But I do not know the outcome.

CHAIR: Do you agree that Mr Marsman now possesses a sizable asset as a result of finally obtaining this lease?

Ms NORI: I told you I do not know what the outcome of those representations were. I actually do not.

CHAIR: Will you confess to playing a leading role in arranging Mr Marsman's participation in this stunt and, in turn, assisting him to secure the much sought after sublease he desperately needed to continue his retail business?

Ms NORI: This is unbelievable.

CHAIR: I asked you the question, Minister. You can answer "Yes" or "No."

Ms NORI: What was the question again?

CHAIR: Will you confess to playing a leading role in arranging Mr Marsman's participation in the Labor Party's anti-GST stunt and, in return, assisting him in securing a much sought after sublease he desperately needed to continue his retail business?

Ms NORI: I do not remember whether it was I who suggested him as the person who could be used for the press conference. I may have, but I actually cannot say that I did. His representations were quite routine representations that I would deal with on a daily basis for any constituent. He also happens to be a constituent.

CHAIR: Did Ernst and Young contribute directly to your campaign fund?

Ms NORI: I would have to look up my return.

CHAIR: I can assure you, Minister, that I have a copy of your return.

Ms NORI: If they did, they did.

CHAIR: Was anybody involved in your anti-GST study who did not donate to your campaign?

Ms NORI: I told you, I do not know who they are so I have no way of knowing.

CHAIR: Given that the report was written by an ALP donor—

Ms NORI: Sorry, the report was written by an ALP donor?

CHAIR: Yes, by Ernst and Young.

Ms NORI: I have to defend the department here. I did not have anything to do with choosing Ernst and Young. I did not have anything to do with choosing the case studies.

CHAIR: Nothing?

Ms NORI: No, I did not.

CHAIR: Given that the report was written by an ALP donor, launched at the premises of an ALP donor—

Ms NORI: I reject that. The report was written by Ernst and Young.

CHAIR:—and based on a sample of just four firms, it clearly misrepresents the truth. The cost of the report was \$19,000. Will you ensure that the Labor Party returns that money to the Government and will you stand aside while there is a proper investigation of this matter, perhaps by the Premier's Department?

Ms NORI: Investigate what?

The Hon. I. M. MACDONALD: He is called Tutti-Frutti.

CHAIR: I warn the Hon. I. M. Macdonald.

Ms NORI: The answer is no.

The Hon. A. G. CORBETT: I understand that the budget announced an \$8 million package to support small business in New South Wales. Is that an accurate figure?

Ms RICKETTS: The figures for small business programs are split between two items in total. In 2000-2001 the two figures are \$6.691 million and \$1.9 million, so that is just over \$8 million.

The Hon. A. G. CORBETT: What sort of growth is there in support over last year's budget? Have you got the figures for last year's budget?

Ms RICKETTS: Yes, they are in the budget papers. The small business development allocation has been enhanced by approval and creation of a new program called the New Export Opportunities program, so there is approximately \$500,000 in the small business development line. The high-growth business line is an allocation comprised of a number of different programs, three of which are Commonwealth support to New South Wales. Two of them finished this year, so that line item has actually gone down by the amount that the Commonwealth has withdrawn. The State allocation to the high-growth business line is the same.

The Hon. A. G. CORBETT: Is there any one place where these items are actually collected? Can someone actually have a look at all these information in one place or does one have to search various budget papers for these items?

Ms RICKETTS: They are on that page that Loftus Harris referred to earlier.

Mr HARRIS: On page 21-55 of Budget Paper No. 3 there is the operating statement for the department, which is broken down, and it actually does give those figures. The breakdown of the individual components within those, that is a process of looking to the verbal part of the budget papers simply because a number of those small business programs, as I said earlier, are of a relatively small nature and are broken up into a series of activities which are listed within the budget papers. I have a copy here. They are also listed in our annual reports and broken down into their individual component parts.

The Hon. A. G. CORBETT: What do you mean by verbal?

Ms RICKETTS: The narrative.

Mr HARRIS: The narrative part of the budget papers.

The Hon. A. G. CORBETT: To summarise, if someone wants to find out how this sum of approximately \$8 million will be spent or disbursed, they can refer to the papers?

Mr HARRIS: Indeed, they can.

The Hon. A. G. CORBETT: The next question is to do with assistance for new exporters. I believe that \$3 million has been put aside in export assistance to new exporters.

Mr HARRIS: There has. This is over a period of three years. That is \$1 million per year over three years, and \$500,000 of that is the \$500,000 that Ms Ricketts referred to. The remainder of that is the cost of maintaining those export advisers in our offices in New South Wales. There is roughly \$500,000 involved in staffing costs for the export program, and \$500,000 of that \$1 million goes directly into support programs for the companies, which will support them with export activities, overseas trade missions and translation of documentation materials that they would use in expanding their markets.

The Hon. A. G. CORBETT: Again, does that show a growth over the last year?

Mr HARRIS: Yes, it does.

The Hon. A. G. CORBETT: Of how much?

Mr HARRIS: The growth is \$1 million in that it is a new item. In previous years, the export activity that was conducted by the department was actually conducted from a component of the departmental reserves that had been specifically earmarked for that work, but this is a new \$1 million per year for three years.

The Hon. A. G. CORBETT: Minister, I think your staff have referred to some surveys that have been done previously. I am interested in how the department actually finds out from the thousands of small

businesses in the community what their specific problems are and how you collect this information. How often do you ask for this information and what happens as a result of the information that you collect?

Ms RICKETTS: There are a number of ways, again because of the diversity of this 317,000-enterprise group. All of the seminars and all of the services we currently offer include a feedback mechanism, so it is fair to say we rely pretty heavily on that. For example, at our high-growth business forums, which are held every six to eight weeks, we ask companies to comment on a list of topics that they would like the next forum to deal with. It is very interesting because while we might be steering towards e-commerce, we sometimes get a bit ahead of ourselves. Often the companies feedback to us is that strategic and business planning and marketing are really preoccupying them. We had that experience recently when the best attended, most positive feedback session we had run for six months was on strategic planning and raising money for the business, so we are very responsive to that. As I said before, there are two ways—the client feedback and then the more formal process of program evaluation, which we do on an annual basis when we come to allocate the budget.

The Hon. A. G. CORBETT: What are the general and major problems that a small business has in New South Wales?

Ms RICKETTS: We rely on surveys also, I should say, and the State Chamber of Commerce, St George Bank and Australian Business Limited. The predominant thing they want is more sales. Of course, wanting more sales is a global statement under which a lot of business processes become business challenges—the cost of running the business, the cost of employing staff. They tend to focus on their operating statement lines, so we try to come at that. Obviously, we are not in the business of funding them to run their businesses, so we come at it from a skills perspective rather than a direct funding perspective.

The Hon. A. G. CORBETT: If they identified problems which were relevant to the State Government, what would happen? What process would be put in place to address the problems?

Ms RICKETTS: If there are compliance problems, they would typically write to the Minister. If there are regulatory or other issues or council problems, they would typically write to the Minister and we would research the issue and try to give some feedback or support to them in their negotiations. If there were a sufficient level of this sort of representation, we would suggest the Minister take it up with her parliamentary colleagues.

Mr HARRIS: One of the most effective techniques we use is the Small Business Development Corporation [SBDC]. The SBDC advises the Minister on these very sensitive issues and, in fact, has a regular work program that has covered a whole range of activities ranging from insurance costs for small businesses to issues that, dare I say, touch on the GST, to virtually everything: succession planning, issues that are of concern to small businesses. The SBDC is made up entirely, with the exception of myself, of practising members of small businesses.

The Hon. A. G. CORBETT: To return to the questions I asked earlier, the \$3 million in export assistance is separate from the \$8 million?

Ms RICKETTS: No.

Mr HARRIS: No.

The Hon. A. G. CORBETT: It is part of the \$8 million?

Mr HARRIS: Yes.

The Hon. A. G. CORBETT: In fact you will have \$5 million generally to support small business and \$3 million to support the export businesses?

Mr HARRIS: No. In this current financial year \$1 million of that export component will support that particular activity. Of the remainder, the largest single component in this small business vote is the support for business enterprise centres, and that runs to almost \$4 million a year.

The Hon. D. F. MOPPETT: Minister, we sympathise with you in the symptoms you are suffering of perhaps Asian flu. I wondered whether you might have contracted that during travel overseas last year. Could you outline any travel you have undertaken?

Ms NORI: I did not travel overseas last year.

The Hon. D. F. MOPPETT: No travel at all?

Ms NORI: I did not travel overseas in 1999, and I can assure you I only became—

Ms RICKETTS: Do you mean the last calendar year?

Ms NORI: He said "last year". That to me is 1999. I got sick on Sunday, two days ago.

The Hon. D. F. MOPPETT: So there was no travel last year. Do you plan to travel overseas this year?

Ms NORI: I do not know what the future holds.

The Hon. D. F. MOPPETT: No, but are you planning it as part of your ministerial duties?

Ms NORI: No. There is the trade delegation to Guangdong. I would expect that as it is always headed by a Minister, if I had the responsibility for trade within small business, it is possible that I would be leading that delegation, but I am not particularly planning it. I understand there is some paperwork floating around. It has not been determined who will go.

The Hon. D. F. MOPPETT: Would your department consider favourably the funding of travel overseas for a member of Parliament perhaps representing your department, a government member standing in our place?

Ms NORI: I do not know. You would have to ask them. Do not forget that we have a sister-state relationship with Guangdong and normally the equivalent of their Premier or Vice-Governor, as they call them, travels here, and I would have thought this year would be no different: a Minister would lead it this year. I am the most logical Minister in many respects, but I do not think that has been determined yet.

The Hon. D. F. MOPPETT: It is not a trick question. Either in small business or in tourism, I would imagine the State might benefit a great deal from you travelling overseas and I wondered whether you had and whether you planned to.

Ms NORI: No, I have no immediate plans to, no.

The Hon. D. F. MOPPETT: Could you tell me the cost of media monitoring by your department so far this year? Did you have a budget allowance for it?

Mr HARRIS: I cannot give you an answer. I am happy to take the question on notice. It is conducted through the communications division of the department. We monitor the media through all of the regional centres in which we maintain offices. We have 18 offices around New South Wales and because we do business with 47 BECs, it is essential for us to do that. It is something that we do. I suppose my immediate claim would be that I imagine we probably do it as frugally as we can but, yes, it is a component part of the communications part of the department. I can give you that answer on notice.

The Hon. D. F. MOPPETT: Advertising is a bit difficult to glean from the global figures that we are able to look at in the budget. Do you advertise to let people know the programs that exist within the department?

Mr HARRIS: In answer to that I would have to say that our advertising budget is very small.

CHAIR: How small?

Mr HARRIS: I would be guessing at the moment. I would have to give you a number. Again, I am quite happy to answer that on notice and provide you with the figure, but it is relatively small. I would venture to suggest that we would probably be one of the smallest for a department of our kind in the country.

The Hon. D. F. MOPPETT: Not as large as the Coca-Cola account?

Mr HARRIS: Certainly not as large as the Coca-Cola account. The reason for that is that in small business essentially the advertising you do is generally providing information of events, activities that are going

on or producing booklets, information. The full-page glossy concept of advertising is not necessarily something that we would do very much of. It would have to be a very specific opportunity aimed at a fairly closely targeted market group. We are not a large advertiser.

The Hon. D. F. MOPPETT: Mr Harris, you are probably the one who could answer best of all. Does the department own property? I know the department has a lot of offices under its control in business enterprise centres. Do you have a budget for acquiring and selling property, and what is the shape of such a budget?

Mr HARRIS: We are large-scale leasers. We own very little property. We own none of the property in which our offices are located. There are two exceptions to that that I am aware of immediately. One is that we have a residual lease obligation in London that has continued from the early 1990s on an office that was leased for the person occupying the position of Agent-General. That is subleased now to a banking organisation. That is a property obligation that we have that continues, although we do not own that. Our office is much smaller and is located with other State Government agencies in Australia House. The only property that I am aware of that we own is some land, which again is more of an historic nature than anything, on a couple of industrial parks, one of which I think is on the Central Coast. We have a block of land there and I think there is another block of land that is owned in the inner west. These are really anomalies in that they are left over from the days when governments were involved in industrial land banking.

The Hon. D. F. MOPPETT: I notice that in the narrative of the activities you talked about programs that included business enterprise centres and business expansion programs and others, but prior to that you limited the scope of those programs as being sources directed to testing concepts. I take it that you give advice and if people come forward with an idea that they have or might have advanced to a business plan, your role is to give some learned advice on whether they should proceed or how would you deal with it?

Ms RICKETTS: You are quoting from one of the budget papers. I think the intention of that paragraph was to indicate that most of the assistance we offer is not delivered directly. The department's role tends to be in sourcing concepts, be it from best practice or based on client feedback; establishing programs through a piloting process, and that is the testing concepts process; and then we would generally move them on a roadway towards being commercial. In other words, we do not see ourselves as a business service provider. We see ourselves as having a role in stimulating the market to respond to those needs. So the testing concepts phrase relates to what we as a department do rather than owning BECs, for example.

The Hon. D. F. MOPPETT: Or taking responsibility for the advice that they might be giving?

Ms RICKETTS: We have fairly tightly worded and specified contracts. We have monitoring and auditing processes. We go to some pains to specify what items need to be covered. We provide to the BECs, for example, something like 40 fact sheets on business concepts, so we author them and get expert input to that. I would not say we completely disassociate ourselves with the quality at all. I think we put a lot of energy into that.

The Hon. D. F. MOPPETT: You have taken us back a level in describing what you impute in the testing concepts. It sounded to me as if you were leading to the idea of consultants and getting reports from people outside the department, or is that something you do in house? If it is outside consultants, what is the scope of that type of expenditure in the department?

Ms RICKETTS: I cannot think of an example where we have used a consultant to devise a program. The Internet is a wonderful thing. You can steal people's ideas fairly effectively nowadays. I cannot think of an instance where we have engaged external support to develop a concept of that nature.

Mr HARRIS: As an agency one of the things we do is appoint a number of the people as client managers—in fact I would say a majority, easily—who have a background in business. They are often not appointed as permanent public servants but appointed on contract, and they deliver services as client managers in particular areas of specialisation. So, again that adds to that ability to provide as much service as we positively can to those clients.

The Hon. D. F. MOPPETT: Would you see it as important that they link up with people appointed by, for instance, local government? There are some Federal programs of which I am aware, particularly in a site like Broken Hill, that are evaluating potential for the future and business propositions. Would you think it is essential for people involved in the business enterprise centres to work co-operatively with them and not to be territorial about what they are doing?

Mr HARRIS: Yes, I do. It is sometimes easier said than done. There is always a little territoriality. The issue, of course, is that the answer to these things is always yes and no because what you really need is that local commitment, passion and involvement. One of the ways we have addressed that is that in the last two years we have instituted a program of regular contact between the department and BECs. There is now an officer in the department whose role is to maintain that linkage with the BECs and we also undertake an audit process with the BECs each year in terms of their performance. We found that, interestingly enough, the people who appreciated that most appear to be the chairman and board members of the individual BECs, who have said to me on a number of occasions that it gives them another tool to use in managing the BECs rather than just being dependent on the reports that come back to them from management. In relation to an earlier question I have a figure on media monitoring that has been offered to me. Last year we spent \$14,369 to the end of May, and that is for the whole department.

CHAIR: For the Department of State and Regional Development?

Mr HARRIS: Yes.

CHAIR: Ms Ricketts, was this sporting goods manufacturer a Mr Peter Katholosis?

Ms RICKETTS: I do not believe I can answer this question. We gave the companies who participated an undertaking of confidentiality. I can say that none of the companies who were present at the media release or the interviews that Minister Nori gave were participants in the study.

CHAIR: So none of these people who were trotted out as talent were in fact participants?

Ms RICKETTS: If they were present at the media, that is correct.

Ms NORI: I point out that I am perfectly happy to contact this person you have named.

CHAIR: There are two of them, that man and Mr Anthony Constanton.

Ms NORI: I am happy to ask Ms Ricketts if she knows who they are.

Ms RICKETTS: It will not be them because if they were present at the media it was not the companies that—

CHAIR: So these people were present and the media may have got that impression but they were not part of the study?

Ms RICKETTS: No, they were not part of the study.

Ms NORI: However, if you want us to name the four case studies I am happy to ask Ms Ricketts to ring them and get their permission but they will not give it, I am told.

CHAIR: You can take that as a question on notice.

Ms NORI: But it may not be possible to achieve it by 5 o'clock tomorrow.

CHAIR: You do not have to get the answer back by 5 o'clock tomorrow. How much did you spend on consultancies and reports of that nature? I would expect you would spend some money because of the nature of your business.

Mr HARRIS: Yes. The expenditure on consultants for the year has been \$582,000. This compares with \$505,000 last year. Of these, 27 projects were less than \$30,000 and five projects were greater than \$30,000. That is again for the whole department. That is not just Small Business.

CHAIR: That is the Department of State and Regional Development?

Mr HARRIS: It is.

Ms NORI: Upon reflection, I am not sure I understood your earlier questions about Mr Marsman. I am happy to wait until tomorrow to see the actual transcript, but if you have it in written form—

CHAIR: I have some questions prepared to make sure I kept on track without being interrupted.

Ms NORI: In relation to Mr Marsman and his property, I would like to take that question on notice and check my files because I think I misunderstood you. I think you referred to his business dwelling.

CHAIR: No, I said he dwells in The Rocks in public housing and he has a rental property organised by the Sydney Harbour Foreshore Authority from whom he rents his shop.

Ms NORI: It is the shop.

CHAIR: It is the shop rental, not the housing.

Ms NORI: I think I misunderstood you and I am not quite clear that I understand your question now. May I take it on notice, and could I ask—

CHAIR: The two questions are: Does he rent public housing in The Rocks at 103 Gloucester Street, Sydney, and did you assist him in obtaining the lease to the shop in Harrington Street?

Ms NORI: When?

CHAIR: He got the lease. He had been trying for it for two years and he suddenly was successful.

Ms NORI: But he has been there for a long time.

CHAIR: No, he had not, in fact. He had it and then he lost it. He had been trying for two years to get back a long-term lease.

Ms NORI: I misunderstood you. He has been in that shop for a long time. I will take that question on notice.

CHAIR: He lost the lease.

Ms NORI: I will take that question on notice, if I may, and check my records. If you have any documentation that would save me time tomorrow, or save the time of my staff, I would be grateful.

CHAIR: What do you want?

Ms NORI: There was one more thing I wanted to clarify.

Ms RICKETTS: On Ernst and Young, the section you were reading from related to IT and systems costs. Ernst and Young found that the businesses in question had already spent a considerable amount of money preparing for Y2K and upgrading its systems. Contrary to expectations, there was not a lot of IT cost. Ernst and Young found that most of the costs in those figures that the department released related to hours spent by owners and their staff in preparing, pricing and giving advice to contractors and the Commonwealth. It was an estimate of hours by the owners, not by Ernst and Young, converted into a per hour dollar figure for various levels of staff and then converted into a total figure.

CHAIR: It did not identify a few other things, such as how much they were going to save, how much credit they would have got for wholesale sales tax and a few other matters like that. To that extent, it was an interesting report.

Ms RICKETTS: Ernst and Young were asked to assess compliance costs, and that is what the report has done.

CHAIR: We will now move to Tourism.

The Hon. Dr A. CHESTERFIELD-EVANS: Minister, can I ask you about the disposal of Old Sydney Town?

Mr THIRLWELL: Somersby Park, which is the asset that has been disposed of by the Government and Westpac, was disposed of earlier this year.

The Hon. Dr A. CHESTERFIELD-EVANS: It has been sold?

Mr THIRLWELL: It has been sold.

The Hon. Dr A. CHESTERFIELD-EVANS: For what price?

Mr THIRLWELL: The price in the Auditor-General's report is \$2.825 million, which comprises \$2.615 million for the land and \$210,000 for part recovery of outstanding rentals.

The Hon. Dr A. CHESTERFIELD-EVANS: This is to the lessee?

Mr THIRLWELL: To the lessee.

The Hon. Dr A. CHESTERFIELD-EVANS: And that is the total area of the land?

Mr THIRLWELL: As I understand it, yes.

The Hon. Dr A. CHESTERFIELD-EVANS: What happened to the relics, the historical items that were at the park?

Mr THIRLWELL: They are still part of the assets of Somersby Park and Old Sydney Town. We understand that it is continuing to operate quite efficiently at the moment.

The Hon. Dr A. CHESTERFIELD-EVANS: Has a development application [DA] been given to Somersby, or is that now in the control of Gosford Council?

Mr THIRLWELL: It would be. I am not aware of a DA, although I am aware of some proposed refurbishments and upgrading of the property and an extension of its operating hours during the Olympic period.

The Hon. Dr A. CHESTERFIELD-EVANS: I was going to ask you about the co-ordination of tourism areas. When I have travelled I have seen various web sites and tourist developments in different shires. What co-ordination is there between areas of the State in the development of tourism packages? What selection criteria are there and how are those packages put together?

Mr THIRLWELL: That is a very broad question but, generally, we have 15 regional tourism organisations in New South Wales, which were established mostly in 1994. They have operated quite efficiently, the formula being a mixture of local government and private sector bodies from industry which form a board of a regional tourism organisations in various parts of the State. Those regional tourism organisations are supported by Tourism New South Wales through administrative funding, some assistance with research and, of course, marketing funding on programs developed by those regions. So the programs are developed by the regions themselves.

Extensive funding is required, depending on the needs of the region. For instance, recently we had television advertising promoting the South Coast. Three South Coast regional tourism organisations put together a package of funding from local government and private sector bodies enabling promotion of the South Coast. We currently launched an advertising program for the Pacific Coast—the area between Sydney and Melbourne—and a number of other programs, which we call the Short Breaks programs, have been launched for places classified as the Hunter, Central Coast, Blue Mountains, Southern Highlands and Illawarra regions. In some other regions it may be more basic in providing mapping, public relations, journalism and things of that nature.

The Hon. A. G. CORBETT: On a couple of trips I have made out west I have come across a number of regional historic museums which have collections of artefacts. It has concerned me that some of these museums—or it may be more than some—do not have any insurance. When I asked them why they said it was because insurance companies asked them to put a value on the artefacts that they displayed and, of course, that is very difficult to do. Does it concern you that a number of historic museums are uninsured and, therefore, if there was a fire, some items could not be repaired or could not possibly be replaced?

Mr THIRLWELL: Yes, it does.

The Hon. A. G. CORBETT: What is being done about that?

Mr THIRLWELL: It is something we could take up. We would certainly take that up with local government agencies if we were aware of the museums. I know that most country towns have museums of one sort or another. A number of them have variations on valuable commodities, and it is something that I am prepared to take up with local government. If you let me know which ones concern you, we can deal with that because generally they are run by volunteers and the local community. If we can be of assistance—this area is not actually our responsibility—and facilitate some role in ensuring that there was some coverage for that sort of asset, we would be happy to take it up.

The Hon. A. G. CORBETT: Rather than naming one or two that I can think of, would be appropriate for the department to survey regional historical museums throughout the State and see whether this is a big problem. Then perhaps you could co-ordinate a response.

Ms NORI: I understand where you are coming from. Regional museums are part of what one might call a region's attractions, but the actual running and maintenance of them does not come under this portfolio, and we do not have funds for what you might call capital works. We do not provide funds for capital works and we do not provide funds for the sorts of issues that you are addressing. That question is probably one that should be asked of the Minister for the Arts. Whichever agency looks after museums, it is not Tourism in a portfolio sense. We work with them and promote them, where appropriate, because they are part of a town's or a regional area's attractions, but that is as far as it goes. However, I am happy, along with Mr Thirlwell, to co-ordinate a response and address the issue, but through the appropriate Minister.

Mr THIRLWELL: I will certainly take it up with the Ministry for the Arts, which is the overall custodian of museums across the State, and see what we can do.

The Hon. A. G. CORBETT: Do you actually have a publication that lists historic museums within New South Wales?

Mr THIRLWELL: Probably not the entirety, except through our Visnet database. Our Visnet database—a web base which back-ends our web site—has 13,000 entries. I assume it would include the majority of museums and attractions throughout New South Wales, so it is not in a printed publication. We select from that. With a number of the regional publications I referred to earlier, different regions will pull out various attractions for their publications. The most comprehensive listing would be on the Visnet database, which would be available through the Visit New South Wales web site.

The Hon. A. G. CORBETT: Last year in the estimates committee hearing I think I suggested to you that it was important for families on holidays, especially those with young children, to have some indication of the availability of wet weather activities. I remember the Minister talking about trying to cope with two screaming kids. Has any action been taken to update publications or point out in these publications where people can take kids when it is wet?

Mr THIRLWELL: Generally, most of that information would be provided by various regions of New South Wales, particularly coastal regions. They depend very much on beach experiences. Nearly all those publications would offer alternative activities for wet days, be they local museums, zoos or some other activities. They are well aware of the need to cater for that. They are generally family destinations. So I think that throughout most of the areas wet weather activities are promoted, but they are done on a local basis by local regional or even local government tourist associations.

The Hon. A. G. CORBETT: If on one of my trips I came across a publication that did not have that sort of information, could I alert you to that fact?

Mr THIRLWELL: Yes, please.

The Hon. D. F. MOPPETT: Minister, you have oversight of about \$50 million of funds provided in the budget. I understand that compares with \$110 million in Western Australia and a fairly substantial figure in Queensland. Given that New South Wales is probably the gateway to Australia for tourists, do you think that is an appropriate response by the New South Wales Government to the potential tourism market?

Ms NORI: I point out—and I will let Mr Thirlwell fill you in on the details—that other States have a much larger contribution from industry in co-operative dollars. You will notice that that budget of about \$50 million includes approximately \$5.8 million or \$5.6 million in co-operative funding from industry.

Queensland is blessed, I suppose, in having several discrete, clear tourist precincts or regions: the Gold Coast, the Noosa-Maroochydore area, the Townsville-Whitsunday area and the far north—the Cairns-Port Douglas base. Because it is so geographically spread out—I guess because of the geographical reasons of the coastline and the Great Barrier Reef—industry is not amassed in one place, which it tends to be in Sydney.

In New South Wales often the major tourist infrastructure, such as hotels and so on, tends to be in Sydney. Queensland has to market itself as a coastline, as separate destinations, so it is much more willing to provide bigger co-operative dollars. I am working with industry trying to coax it to provide more money for co-operative marketing for New South Wales. I point out, however, that this year's budget is a record budget, by which I mean that no other government—the current Government, or the one that came before it—has ever spent that amount of money. In fact, this Government spent 60 per cent more in the last four years than the Coalition did in government.

CHAIR: You mean the Coalition budget was only \$20 million?

Ms NORI: It was over the four-year period. I point out to you that, for example, the Coalition, in its last year in office, spent \$638,000 or so on special events, whereas this Government has spent several million. All I am trying to point out to you is that over a period this Government has increased spending on tourism each year—and this year is no exception. Never before has there been a budget of this magnitude in New South Wales. I am happy to detail the major aspects of the spending programs if you wish. One other point I ought to make is that whilst New South Wales and Sydney should never rest on their laurels, the reality is—and I say this much more in sorrow than I do in gloating, if you like—the rest of the world thinks Australia is Sydney and Sydney is Australia. If you mention Melbourne or Brisbane they have not got a clue.

That does not mean that we rest on our laurels. We do not. It does not mean that we let all tourists come into Sydney and we do not try to disperse them into the regions. I am happy to go on at length about the emphasis we are giving to regional dispersion because it is one issue about which I feel very passionate. We have to get tourists into Sydney first in order to be able to disperse them into New South Wales. Mr Thirlwell referred to two creative and successful programs—the first time the department has done it this way—the South Coast and Pacific Coast touring groups. The South Coast program has been on line long enough for us to know that it has been an absolute success. The Pacific Coast program was launched only about a fortnight ago, but all the indications are that it is going very well.

We are seeing a maturing market in the regions, a market capable of understanding the need to work together, to work co-operatively, not just to single out areas as a destination, but to string together those areas. We are getting industry involved in these touring-by-car routes and we are going to be opening them up over the mountains as well. We get of the best offers available. Not every operator who applies to be part of it is chosen. We are in the fortunate position of having a surfeit, if you like, of good offers. We get each and every one of the operators to provide a bonus, and we are not talking about a free Coca-Cola or a packet of bikkies on arrival; we are talking about an additional night's free accommodation, free meals and a complimentary use of services—quite good value—and that is promoted in the bonus book. When you apply for the touring-by-car kit, you are also given a key ring with a logo. The use of that key ring will enable you to access the benefits available in the bonus book. This program really is working. It is one example of our attempt to boost regional tourism.

Another program of which I am very proud—and I think over time it will prove to be incredibly successful—is trying to get regional conventions, meetings and exhibition-type business tourism to the regions and we have a whole strategy for that working with the Sydney Visitors and Convention Centre. I am pleased to say that Armidale has won two quite significant pieces of business as a result of this strategy. In the last few months a number of leads have led to about \$1.5 million worth of business to regional New South Wales. As a sector that will grow and develop as we train people, as they become more aware of the importance of that lucrative sector of the tourism market, and as they start to focus on the possibilities. It is the first time that they have culturally, if you like, seen themselves as being capable of pitching and bidding for that kind of business.

The Hon. D. F. MOPPETT: With reference to the development of the dispersion of tourism to regional and rural areas, is the input of your department direct or indirect?

Ms NORI: No, they work hands on.

The Hon. D. F. MOPPETT: Are you working with other organisations in providing programs, or are you funding the promotion yourself?

Ms NORI: We do both. The Newell Highway, for example, involves a group of people who are really switched on. The Newell is not a destination; it is a process. It is a road that is traditionally used by people who want to take a quick trip from Victoria to Queensland, or vice versa. It is also used, I guess, quite considerably by trucks. For example, they have got together and done something similar to what we are doing—it is not quite the same—in promoting the Newell. We work with them. In my view, Tourism New South Wales is a very hands-on, very commercially savvy organisation, in that it works with operators or local tour organisers as individuals. It works with whoever it has to work to get a result. I do not think lack of consultation is something that Tourism New South Wales can be accused of.

The Hon. D. F. MOPPETT: You mentioned earlier special events, which was probably in relation to some retrospective comparisons. What funding is available for special events in New South Wales in 2000-01? Could you describe the current situation of the promised special events committee that is supposed to be based on the Victorian model?

CHAIR: The \$3 billion Olympics.

Ms NORI: The Chairman quite rightly pointed out that the biggest special event of the millennium is coming up in September. The budget item that you see is moneys that have been allocated for commitments that we already have. We deal with special events on a one-on-one basis, as they come up, on merit. Rather than having money sitting there, if an event comes our way or if we become aware of something we ought to be supporting, pitching for or lobbying for, we make the approaches in the relevant quarters and get the funding.

The Hon. D. F. MOPPETT: You tend to look to a Treasurer's advance or a section 22-type fund?

Mr THIRLWELL: It is a bit of both. There is a base funding in the budget of \$750,000 for the major events committee, which I chair with other government agencies, which looks at what opportunities there might be to co-ordinate government efforts across events. There are ongoing funding commitments for things like the Australian masters games in the Hunter in 2001, Australian university games in Wollongong in 2003, if I recall, and working towards events of that nature. There is supplementation from the Department of Sport and Recreation of \$250,000 to give us \$1 million for that activity. If funds are not available ad hoc requests are made to Treasury for those major events.

Separate to that we have a Sydney hallmark program of \$400,000 which, at the moment, basically funds two programs: the Feast of Sydney, which will open the weekend after next, which is a major food and wine festival for Sydney, including the world's longest buffet at Darling Harbour, and a range of other events—eats streets at Parramatta and things happening all over the city for basically a month to promote the State's food and wine activities—and an inaugural program called Sunscreen, a celebration of cinema that we are launching in August as part of the Olympic Arts Festival in co-ordination with the City of Sydney, Hoyts and Fox studios. We are trying to make that an annual celebration of cinema. Separate to that, there is \$400,000 also for regional events.

CHAIR: Do you give any money to beef week?

Mr THIRLWELL: I do not think so.

CHAIR: It got onto the BBC. The Minister was there.

Ms NORI: No, I was not. I did not go to beef week. I was there a couple of years ago.

Mr THIRLWELL: We have different rounds of regional funding. The current round of funding closed on 2 June. It is currently being assessed and will be announced in July. We try to have one event in each of the 15 regions, and that is recommended by the Regional Tourism Organisation, so funding comes through local government and local operators. Last year we started a program of triennial funding. We fund for three years an event that we think has substantial opportunities. Events included the Ulladulla blessing of the fleet and also the Thursday plantation sculpture show at Ballina. This year we will fund another three-year program.

CHAIR: At Knockrow.

Mr THIRLWELL: So there are three components: major events, Sydney events and regional events.

The Hon. D. F. MOPPETT: You mentioned that you were on a major events committee.

Mr THIRLWELL: I chair the major events committee with people like Loftus Harris and representatives of the Premier's Department and the departments of Arts, Sports and Recreation and Gaming and Racing to ensure a co-ordinated government approach. Some years ago we found that people were approaching each department separately and government departments did not know that they were funding certain events. We are working to provide a co-ordinated, whole-of-government approach to people seeking to run major events, mainly in major cities, but a number of events will also be staged in the Hunter and Wollongong regions.

The Hon. D. F. MOPPETT: Is that major events committee the realisation of the promise you gave for a special events committee based on the Victorian model?

Ms NORI: That is the one we have at present.

The Hon. D. F. MOPPETT: You have no plans to expand that to include people from—

Ms NORI: If we make any decision to change that, there will be an announcement.

CHAIR: What happened to the boat at Old Sydney Town that the Hon Dr Chesterfield-Evans asked about? Did it sink or did it survive?

Ms NORI: I think there were two boats actually. I think the honourable member got it wrong. I might have to take that question on notice.

CHAIR: What was the capital value of that property when you took it on? I note that you told the Hon. Dr A. Chesterfield-Evans that you sold it for \$2.6 million.

Ms NORI: I will take on notice the question relating to the boat. To which boat are you referring?

CHAIR: The main boat with all the sails.

Ms NORI: Have you been down to the Cruising Yacht Club?

CHAIR: Is that where it is?

Ms NORI: No, I am just saying that the big boat with all the sails—

CHAIR: There were two boats in the lake at Old Sydney Town. There was a large one and a smaller one. It was the larger one that was having a bit of trouble.

Ms NORI: It is the large boat with sails.

CHAIR: But the sails were not furled. The sails were furled in case it floated away. I understand from the question asked by the Hon. Dr A. Chesterfield-Evans that that land was sold for \$2.6 million. What was its book value at the time you took it on board?

Ms NORI: That was about 15 or 20 years ago. I will have to take that question on notice.

CHAIR: Another question you might know the answer to is whether the department made a book loss on that land over time?

Mr THIRLWELL: It was not an asset of the department. It was a separate asset.

CHAIR: You were the only shareholder, as I remember.

Mr THIRLWELL: No, Westpac was a shareholder as well.

CHAIR: One of the things people in the industry on the far North Coast have been saying to me is that their bookings have fallen off. Because the tourism industry is a series of surmises and punts, they believe that people have committed their holiday to the Olympic Games period. They have committed a fair bit of their disposable holiday income to buying tickets for the Olympic Games and, therefore, they are not travelling, say, to the North Coast or South Coast as much this year. Is there any evidence to support those views?

Ms NORI: I do not have any evidence. I am not in possession of any documentation that could help me confirm or reject your assertion. I am happy to take that question on notice, but I offer a few comments. There has been a trend—and this is not just in Australia—for people to take shorter holidays. People are much more concerned about being away from the office for too long. Domestic holidays have been growing nationally at about 2 per cent a year, yet outbound travel by Australians is growing by 6 per cent or 7 per cent a year. It gives me no pleasure to flag that the introduction of the GST will make the cost of travelling overseas compared to a domestic holiday somewhat more attractive.

CHAIR: That is interesting, because all overseas destinations have had GST for years.

Ms NORI: They may well have, but we have not. There is no doubt that that will be an impost, because there is no wholesale tax trade-off, which does not please me. I am quite happy to go into statistics and indicate to you what the estimated impact of the GST will be. However, as I have said to you, we in New South Wales have just launched the Pacific Coast tour route. I expect to see some good results from that.

CHAIR: Do you have any evidence that there has been a fall-off in internal bookings?

Mr THIRLWELL: Not at this stage. I was in the Tweed Heads area only a couple of weeks ago during the awards. People in that region are fairly positive. I think, generally, business is doing okay. There is a lot of concern about the second half of the year.

CHAIR: I have heard that there is a fall-off in bookings in the Coffs Harbour and Grafton areas.

Mr THIRLWELL: There may well be. There is some concern about the September holidays. There are extended school holidays in September, and there is a view that most people will stay home and watch the Olympics, even if they are not going to the Olympics. So there is a general fear right across Australia. I spoke to my colleague in Queensland today. They are concerned about what might happen during that holiday period.

This distortion of traditional holiday patterns is happening partly because of the Olympics. But I support the remarks made by the Minister that the GST is probably more of a concern. We are lucky, in a way, not to have high air fares and the high GST component relating to those air fares that north Queensland has. That is distorting things. There is just an uncertainty. This year we will not be as able to predict these things. People who own holiday properties know that every September families return to those properties. I suspect that some of that is not happening. So we will have to wait and see. Our wholesale program is going quite well. Generally there is a fair level of confidence but also a degree of uncertainty.

CHAIR: Minister, in the reports that I read of your launch on 20 January—a launch which was reported by both the *Sydney Morning Herald* and the *Daily Telegraph* on that day—Mr Marsman tried to rattle off comments about duty free goods and so on. You interrupted him and said that you wanted to do a separate story on the GST and tourism. Have you done that story, or is that yet to come?

Ms NORI: I do not think I have to do that story. By the way, what was written up in the press was a gross misrepresentation.

CHAIR: The launch was reported in "Stay in Touch" in the *Sydney Morning Herald* and it was also reported in the *Daily Telegraph*.

Ms NORI: It must be right then.

CHAIR: Those are Mr Egan's favourite newspapers.

Ms NORI: I place on the record that what was reported in the press was a gross misrepresentation. However, leaving that aside—

CHAIR: How dare you say it is a misrepresentation when you trotted out a report that referred to certain people? None of those people were, in fact, mentioned in the report? The press assumed—

Ms NORI: Do you seriously think that only four companies will be affected by the GST in the manner reported in the papers?

CHAIR: No, but how dare you accuse the press of misinterpreting things when you trot out the names of people—

Ms NORI: You were not there. I have the right to say what I like about the manner in which a matter was reported. You do not have to agree with me.

CHAIR: I am just pointing out that these people were misrepresenting what is contained in the report.

Ms NORI: I do not have to do a separate story on GST and tourism. The facts speak for themselves. The matter has been reported in the press—I will not say ad nauseam, but extensively, consistently and repeatedly. Unfortunately, the proof of the pudding will be in the eating in about four weeks time.

CHAIR: Is it so terrible for someone to try to assuage people?

Ms NORI: I managed to get a record budget for New South Wales tourism this year.

CHAIR: What do you plan to do with that money?

Ms NORI: I have already given that information to the Hon. D. F. Moppett. I am happy to go through it again with you. These are the main features—

CHAIR: The main features in relation to the GST?

Ms NORI: I have no jurisdiction, no capacity, to influence the arrival of GST on 1 July.

CHAIR: I accept that, but I asked: In what way would you try to soften the blow or reduce the tension, if you like? If you keep saying this, it will be self-fulfilling. What are you doing?

Ms NORI: Let me tell you what we intend to do with the budget this year to enhance tourist visitation to New South Wales. We will be establishing six gateway web sites—portals, I think, is the jargon—which will be individually tailored to key international markets to provide them with a user-friendly look and feel. Where appropriate, and for the first time, they will be available in the language of each country.

In the northern European market—Germany is an important market for us—the use of the Internet for pre-itinerary planning is becoming increasingly important. Of course, pre-itinerary planning is the key. We have information that suggests that, when people arrive in Sydney or in New South Wales, they realise that they have not had the best advice from their travel agents. They simply have not understood that Sydney cannot be seen in two days, and New South Wales certainly cannot be seen in three.

There will be a major tactical campaign into Asia—an important recovery market for us—which will include holiday packages throughout Asia, with special offers selling both Sydney and regional New South Wales. There will be a touring-by-car component into Asia, so it is regional. We will also spend some dollars on increasing the awareness of retail travel agents in key international markets because, at the end of the day, they are the people on whom we are dependent. Travel agents who do not have a passion for, or a deep understanding and appreciation of, the market would not sell holiday destinations with the enthusiasm that we would want them to. So we will be spending some time improving that area.

CHAIR: How will you do that?

Ms NORI: Mr Thirlwell will give you the details.

Mr THIRLWELL: It is a mixture. Trade officers in our overseas office basically educate travel agents. That is all that they do. First, we will run educational seminars, get them together—often to promote a Sydney or a New South Wales product—give them an understanding of what that product has to offer and get them enthused about it. So when they are talking to a client face-to-face they will be enthused about that product. Second, we will bring them to Sydney.

CHAIR: Do you bring journalists from, say, the *New York Times* to do a feature story on Sydney?

Mr THIRLWELL: We do that, but we also bring travel agents. Recently, with the assistance of Qantas, we brought 160 Japanese travel agents to Sydney because we wanted to refresh their understanding of the Sydney product and ensure that they are enthused about what Sydney has to offer. That program ran very well, with the assistance of industry. Hotels gave us free rooms and restaurants provided meals. We co-ordinated

that program with our staff—something that we do on a regular basis. There are two programs. First, we bring them to Sydney and show them what we have got. Second, we take some people in the New South Wales industry to our offices and educate them.

CHAIR: That would be a co-operative program with industry and Qantas?

Mr THIRLWELL: Very much so.

CHAIR: Everyone who contributes to that program is a beneficiary?

Mr THIRLWELL: That is right.

CHAIR: What about the journalists? Do you pay them?

Ms NORI: I have not finished.

CHAIR: I know that. However, I am referring to this issue.

Ms NORI: I am speaking about this issue. Another major feature, which relates to the point you are making and reinforces what was said by Mr Thirlwell, is the \$2 million allocation for the Sydney Media Centre. That has been set up at Darling Island, the site of the original temporary casino, to service the non-accredited media, that is, the non-sports reporting media. Our Visiting Journalists program has enabled a lot of journalists to visit Sydney in the lead-up to the Olympics.

Some of them have even set up shop in Sydney. The NBC, for example, has its own bureau in Sydney. My department is responsible for showing them around regional New South Wales. I am of the view that, if the NBC wants to show the world that we have an outback, it might as well be Broken Hill, Mootwingee, Camerons Corner, or Lightning Ridge. I also have a very hands-on approach, when it is appropriate, in encouraging and enthusing journalists to write favourable stories about New South Wales.

I try to enthuse them with my philosophy—one which I think I mentioned to you last year. Someone wanting to spend only seven or eight days in Australia can spend all that time in New South Wales. He or she could start off with Lord Howe Island for a Great Barrier Reef tropical fish experience. There is then a racy, cosmopolitan, vibrant city like Sydney; the North Coast and South Coast; the mountains; the wine country, for example, the Hunter, Cowra, Orange and Mudgee; snow areas for those who want to ski in winter; the west and the outback; and some quite good indigenous experiences as well. That is a theme that we are pursuing. It is a theme that I pursue at every opportunity with the non-accredited media.

CHAIR: The question I asked you, though, is how much you paid each year to journalists who are brought to Sydney?

Ms NORI: They are not paid to write a story. We are not buying their words.

CHAIR: No, but in kind? Qantas flies them to Sydney, the Regent puts them up, you show them around, and then they go back and write up a good story. Journalists receive a major benefit—a holiday in Australia.

Ms NORI: We target it better than that.

Mr THIRLWELL: Some do and some do not. Some journalists refuse to take anything at all. People from *Conde Nast Traveller*, for example, and *Travel and Leisure* magazine, two magazines which have rated Sydney as the number one tourist city in the world consistently for the last four years, refuse to take any support from airlines, hotels and restaurants.

CHAIR: Would they be the only two?

Mr THIRLWELL: They are probably two of the few that do not.

CHAIR: Because there is no contra support. They pay their own way?

Mr THIRLWELL: Yes, they pay their own way. Other journalists, reputable journalists, recognise the contra support. They often write at the bottom of their story, "This trip was supported by Tourism New South

Wales and the Armidale Visitors Centre." That is the way they do it. We basically screen international journalists with two programs. One program, which is run by the Australian Tourist Commission, the Federal body, brings journalists to Australia. We assist it with that program. An extensive number of officers carry out that international screening.

We run a separate program when we want to target Sydney, or especially a part of New South Wales. We also have, as the Minister said, the Sydney Media Centre, which is jointly run through the Federal Government and the Department of Foreign Affairs and Trade. They are looking towards gearing themselves up so that they can handle these issues during the Games. Journalists who will be housed at the Sydney Media Centre will have to get themselves here. There is no support for them at all. They will also have to find their own accommodation. We will provide them with a centre that will provide them with good story leads and good hospitality. However, you are right about most of the programs. Airlines will provide them with seats, hotel will provide them with rooms and restaurant may choose to provide them with meals. We might have to pick up a few costs for the occasional breakfast.

CHAIR: I am not uncomfortable with that.

Mr THIRLWELL: You will see in the recommendations that this year that program will deliver in the international marketplace about \$200 million worth of exposure to New South Wales. Free ink, as it is called, is important to us in the tourism sector.

CHAIR: I have had complaints from some operators who say, "We work so hard, we target our audience really well and it just falls down because somebody in a corner shop is rude." What are you doing to try to assist?

Ms NORI: Genetic engineering maybe.

CHAIR: I am hoping for something a bit better than that. Does the department intend to run any tourism programs to try to encourage people to be on their best behaviour over the next few months?

Mr THIRLWELL: Welcome the World is a program we are integrating effectively with the city council and the Olympic Co-ordination Authority. As I said earlier, Sydney is recognised as the best tourist city in the world because of our friendly people. That is the thing that takes us to the top of the poll. It takes us above Paris, Rome and London. We have to maintain that during the Games. We are working actively with other agencies to get that message across to the Sydney community. That program is under way.

We work with regional tourism organisations, economic development boards and through a program called Aussie Hosts, which is run by retail traders at the moment, to improve standards of service and important customer face-to-face service. As you said earlier, there have been some disappointments. We know about them. We get local people to talk to providers of those services in an attempt to improve them. They can make most of the impact at a local level. They know that, if the bloke next door is not doing the right job, it will affect their business. So we work actively through that program as well.

Ms NORI: I am impressed with the Australian Retailers Association—I still call it the Retail Traders Association—which is really assisting retailers to get ready for the Olympics. It is also making constructive suggestions for the Taxi Council.

CHAIR: I will not go into taxis, Minister. Southern Cross University had the first school of tourism. A number of other universities have opened tourism schools since then.

Ms NORI: No, James Cook University was the first. It had the first chair.

Mr THIRLWELL: That is a long time ago now.

CHAIR: I remember when a tourism school was established at Southern Cross University. How many tourism schools are there now?

Ms NORI: About 18,000 kids are doing tourism studies of one sort or another. I will take that question on notice.

Mr THIRLWELL: We can get actual numbers, but not many universities do not have tourism schools. The only one that I am aware of that does not is Sydney University. New South Wales, the University

of Technology, Sydney, Southern Cross University and Charles Sturt University have tourism schools., The University of New England I think does something. Sydney University is probably about one of the few that does not.

CHAIR: Newcastle does.

Mr THIRLWELL: Newcastle does. It is quite extensive. The number of students is probably up in the thirties.

CHAIR: Do you encourage or fund the universities to do any research for you, or do you use consultants to do that?

Mr THIRLWELL: We work with some universities. Recently we worked with the University of New South Wales on some economic studies—on the economic value of tourism. We are finding, though, that it is more effective to work through the co-operative research centre [CRC] system. We are now a member of the CRC board, which co-ordinates all universities. We find we get better access to academic skills across the country through the CRC network. We use some consultants for specific projects but quite a lot through the CRC network, which indirectly goes to the universities.

CHAIR: Have you asked Ernst and Young to do a study on tourism and the GST?

Mr THIRLWELL: No. There has been no study on the GST.

CHAIR: Minister, when are you going to visit New Italy?

Ms NORI: I will try to fit it in when I am next in that part of the world. It is just that I have an incredibly busy schedule. I am not shunning New Italy. I just have not had a chance to visit that area. I visit the regions most weeks, but I would be delighted to visit New Italy at your invitation.

CHAIR: I am aware that you are a hard-working and busy Minister who travels a lot. What were your travel costs this year?

Ms NORI: I will take that question on notice.

CHAIR: Do you own any property that you rent out, or are you just renters?

Mr THIRLWELL: We are basically renters. The only property we have on our books is some land at Brooklyn, which has been there for some time. It was looked at for tourism development over many years. This month that property is being transferred to the Department of Land and Water Conservation.

CHAIR: So you do not own any property. How many cars does your department have?

Mr THIRLWELL: I will have to take that question on notice. Generally, there are cars for the senior executive service, regional managers, business managers in Brisbane, Melbourne, Perth, and Adelaide who call on travel agents, and one or two officers in our overseas offices—which are basically historical, like Los Angeles—who require a car. I can give you the actual number.

CHAIR: How many overseas offices do you have?

Mr THIRLWELL: Six overseas offices and a representative office.

CHAIR: So you would have fewer offices than, say, Queensland, Western Australia or South Australia?

Mr THIRLWELL: I am not sure about South Australia. We have fewer offices than Queensland and probably Western Australia. I would have to check that sort of level.

CHAIR: Do you have a presence in London?

Mr THIRLWELL: Yes.

CHAIR: Where is that person accommodated?

Mr THIRLWELL: Australia House, jointly with the office of the Department of State and Regional Development.

CHAIR: With Ms Morpew?

Mr THIRLWELL: Yes.

CHAIR: How many television sets does your department have?

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

CHAIR: I am also interested in knowing how many mobile telephones your department has.

Mr THIRLWELL: I will take that question on notice as well.

The Hon. A. G. CORBETT: Mr Thirlwell, what percentage of tourists to New South Wales actually come from non-English speaking countries? What sorts of numbers are we looking at on average in a year?

Mr THIRLWELL: I will have to take that question on notice. If you are talking about non-English speaking countries such as Germany, Italy, France, China, India and Japan, I think we get a fairly large proportion of tourists. I would have to do the actual sums.

The Hon. A. G. CORBETT: I asked that question because I am constantly amazed at the bias towards English—English signs and information, et cetera—at tourist venues and gateway points, for example, Central railway station. A great many tourists must flow through Central railway station, but the signs are always in English. Is that a deliberate policy, or is it an assumption that the department makes? What is the reason for that, given that we cannot assume that all people speak English?

Mr THIRLWELL: We are working hard with local government and, in some cases, the Roads and Traffic Authority, which is responsible for signage, to ensure that we get good signage across New South Wales. Getting good English signs is sometimes hard in the first place, without looking at other languages. So we are working hard to get those signs in place. With other languages it is our experience and the experience of people on the Gold Coast, to their regret, that too much signage in other languages can degrade a tourist's experience. People visiting the Gold Coast have often said that they thought they were in Japan. We encourage some signage, but we also want to make sure that it does not flood a destination.

We have concentrated on good English signs because most people, particularly Europeans, read English effectively. That is the predominant requirement. We are quite keen to do work to produce visitor guides. The Minister mentioned earlier our Chinese portal web site. We launched our Korean web site a few weeks ago. We will also have a Japanese and German web site. Getting information to other countries is very important. Signage is a mixed one. If we go too far in providing signs in other languages Australia would look too much like other countries and people would not feel as though they had had a holiday. Our priority is to get good signage in English and make sure that is right. That is our big push at the moment.

The Hon. A. G. CORBETT: Is there a possibility of providing a telephone number that people from overseas can call to ask questions in their own language about where to go, what to do, et cetera?

Mr THIRLWELL: That issue has been looked at. A Japanese line was run commercially some years ago. It folded after about 12 months because of a lack of usage. I think some of those issues have been examined.

The Hon. A. G. CORBETT: That might be explained by the fact that a lot of Japanese tourists come on package deals and they are shepherded from one place to another. But for other countries, more independent travellers—

Mr THIRLWELL: That is something we could look at again. We have a help line available for consumers. It is in English, I will admit, but we made the effort to try to make it as comprehensive as possible. Our Meet and Greet service, a program which we run in conjunction with the kiosk at Sydney and at Sydney

airport, employs people who speak an extensive number of languages. We recruit quite a number of young people with good language skills. I would have to get an update, but I know that about a year ago we employed people who spoke about 11 or 12 languages. They are providing visitor services. They have been quite handy at Sydney airport, particularly for people who have not known what to do when they have arrived at the airport.

The Hon. A. G. CORBETT: Is it not a problem that has been pointed out to you by travel agents and bodies from other countries?

Mr THIRLWELL: No. Our first priority is to get good basic signage in English.

CHAIR: Minister, I thank you and your departmental officers for attending this hearing. We will send you a copy of the questions that have been taken on notice. The transcript of today's evidence will be sent to you for correction and comment. That concludes the public hearing.

The Committee proceeded to deliberate.
