

## **GENERAL PURPOSE STANDING COMMITTEE No. 5**

**Monday 24 June 2002**

**Examination of proposed expenditure for the portfolio areas**

### **LOCAL GOVERNMENT, REGIONAL DEVELOPMENT AND RURAL AFFAIRS**

**The Committee met at 1.00 p.m.**

#### **MEMBERS**

The Hon. Tony Kelly (Chair)

The Hon. Duncan Gay  
The Hon. Amanda Fazio  
The Hon. Malcolm Jones

The Hon. Janelle Saffin  
The Hon. James Samios

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#### **PRESENT**

**The Hon. H. F. Woods**, *Minister for Local Government, Minister for Regional Development, and Minister for Rural Affairs*

##### **Department of State and Regional Development**

Dr L. Harris, *Director-General*

Mr M. Cullen, *Executive Director, Regional Development Division*

##### **Department of Local Government**

Mr G. Payne, *Director-General*

Mr J. Hogg, *Manager, Business Services*

Mr M. Fleming, *Chief of Staff*

Mr S. Lenthén, *Media Advisor*

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**CHAIR:** I welcome you to this hearing of General Purpose Standing Committee No. 5. I thank the Minister and departmental officers for attending today. At this meeting the Committee will examine the proposed expenditure for the portfolio areas of local government, regional development and rural affairs. Before questions commence there are procedural matters that need to be dealt with. Part 4 of the resolution referring the budget estimates to the Committee requires evidence to be heard in public. The Committee has previously authorised the media to broadcast sound and video excerpts of its public proceedings. Copies of the guidelines are available from the attendants.

I point out that in accordance with the Legislative Council's guidelines for the broadcast of proceedings, only members of the Committee and the witnesses may be filmed or recorded. People in the public gallery should not be the primary focus of any filming or photos. In accordance with the proceedings of this Committee you must take responsibility for what you publish or what interpretation you place on anything that is said before the Committee. There is no provision for members to refer directly to their own staff at the table. The witnesses, members and their staff are advised that any messages should be delivered through the attendant on duty or the Committee clerks.

For the purposes of *Hansard*, could departmental officials identify themselves by name, position, department or agency before answering any questions referred to them. When a member is seeking information in relation to a particular aspect of a program or subprogram it would be helpful if the program or subprogram is identified. The Committee has agreed that unless there is a problem and staff have to leave early, we will not allocate separate time for local government, rural affairs and regional development but take it as it goes. I declare the proposed expenditure open for examination Does the Minister wish to make an opening statement?

**Mr WOODS:** No.

**The Hon. DUNCAN GAY:** I will deal with local government in the first 20 minutes. I refer to Budget Paper No. 3, Vol. 2, page 11-16 Why has there been a significant decrease of over \$32 million allocated to the Country Towns Water Supply and Sewerage Scheme, from \$88.4 million in 2001-02 to \$56.3 million in 2002-03?

**Mr WOODS:** I do not think that is ours. I think that might be another department.

**Mr PAYNE:** That is the Department of Land and Water Conservation.

**The Hon. DUNCAN GAY:** In broad terms it affects country councils and regional development?

**Mr WOODS:** It may well do.

**The Hon. DUNCAN GAY:** Are you happy with the decrease?

**Mr WOODS:** As I say, is not our department. The question should put to John Aquilina.

**The Hon. DUNCAN GAY:** You relocated your office from Phillip Street to Governor Macquarie Tower, the second move in three years. What was the total cost this time of relocating your office?

**Mr WOODS:** I have not got a cost for it, but we did move in December, I think, to reduce the cost of the Coalition Government's long-term leasing commitments on Governor Macquarie Tower. The building I was in was due for demolition, I think, and the lease had expired. We were on a monthly tenancy in the building and there were plans to demolish that building in Phillip Street.

**The Hon. DUNCAN GAY:** How long were you in the building in Phillip Street?

**Mr WOODS:** Two or three years.

**The Hon. DUNCAN GAY:** Were you always on a monthly lease?

**Mr WOODS:** No, I think we had a 12-month lease, then we were on a monthly rollover.

**The Hon. DUNCAN GAY:** You moved from Macquarie Street to Phillip Street. Why did you move from Macquarie Street to Phillip Street?

**Mr WOODS:** Because the office in Macquarie Street was leaking very badly. In fact, in my office it was almost like a waterfall at one stage.

**The Hon. DUNCAN GAY:** And you still had a lease there when you moved?

**Mr WOODS:** Yes, and that was sublet.

**The Hon. DUNCAN GAY:** How long was it before it was sublet?

**Mr WOODS:** A few months perhaps, but it was quite impossible. Actually, I have photographs somewhere of the water pouring into the place and of damage to the carpet. It was absolutely dreadful.

**The Hon. DUNCAN GAY:** If it was so important that you needed to go to Governor Macquarie Tower to take up the unused space, why did you go via Phillip Street? Why did you not go directly there?

**Mr WOODS:** I do not think the office was available in Governor Macquarie Tower at that time. This was some time before.

**The Hon. DUNCAN GAY:** It was not a Coalition problem but a problem that arose during the term of this Labor Government?

**Mr WOODS:** No. I think the reason was the reduction in the cost of the Coalition Government's long-term leasing commitments for the Governor Macquarie Tower. I presume that when that became available it was possible to do it.

**The Hon. DUNCAN GAY:** What role has the department played in assisting consideration of the process of merging the Albury and Wodonga councils?

**Mr WOODS:** A supportive role, I would think. The director-general was on the task force that advised Ian Sinclair or helped him in his report.

**The Hon. DUNCAN GAY:** A supportive role?

**Mr WOODS:** I do not know what sort of meaning you put on it, but an advisory, assisting role, yes.

**The Hon. DUNCAN GAY:** Have you consulted the councils?

**Mr WOODS:** I have had a number of meetings with the council. The general managers of both councils were on the task force that was advising on the Ian Sinclair report, so they had direct influence on that, and I have had a few meetings with Albury council about the matter.

**The Hon. DUNCAN GAY:** Has Mr Sinclair reported to the Premier?

**Mr WOODS:** Yes, I think he has. We have received that report. That has gone to the Government.

**The Hon. DUNCAN GAY:** You have received that. Has a copy been sent to the councils?

**Mr WOODS:** I do not think so, no. The Government has not responded so copies will not be sent to the councils until the Government responds to the report.

**The Hon. DUNCAN GAY:** You mentioned it had been sent somewhere else.

**Mr WOODS:** No, I do not think so.

**The Hon. DUNCAN GAY:** I thought I heard you say it had been sent somewhere else?

**Mr WOODS:** No. The Government has received the report.

**The Hon. DUNCAN GAY:** Is the Government considering legislation?

**Mr WOODS:** Not to my knowledge, no.

**The Hon. DUNCAN GAY:** Are you aware that the Victorian Government has indicated it is preparing legislation to deal with this issue?

**Mr WOODS:** No, I am not.

**The Hon. DUNCAN GAY:** Would you be surprised?

**Mr WOODS:** No, I do not think so. There may be legislation involved in the response but the response from our Government has not been made yet.

**The Hon. DUNCAN GAY:** Would you feel an obligation to go back to the council—

**Mr WOODS:** When you say "considering legislation", legislation may be required but the process of preparing legislation has not started.

**The Hon. DUNCAN GAY:** Would need to go back to the councils before any decision is made about legislation?

**Mr WOODS:** I think that will be contained in the response that the Government makes, and the Government has not made a response yet. When the Government does respond, I think that will all become clear. But to comment prior to a response would pre-empt the response, and a response has not been made.

**The Hon. DUNCAN GAY:** Is that an undertaking to go back to local government?

**Mr WOODS:** No. I said the Government has not responded. When the Government responds, I think those matters will become clear.

**The Hon. DUNCAN GAY:** Are you aware that the Victorian Government is introducing legislation during its next sitting period?

**Mr WOODS:** No.

**The Hon. DUNCAN GAY:** Why not?

**Mr WOODS:** I am just not aware.

**The Hon. DUNCAN GAY:** You are the Minister for Local Government and this issue affects a New South Wales city. The Victorian Government is of the same political persuasion as yours.

**Mr WOODS:** I will be very interested in that legislation, but I am not aware of it. The Victorian Government has not told us about any legislation.

**The Hon. DUNCAN GAY:** I take you to companion animals.

**Mr WOODS:** My favourite area.

**The Hon. DUNCAN GAY:** The budget papers show a total registration of 280,000. Is that in line with the original expectations of the registration system?

**Mr WOODS:** As of 18 April this year 298,000 animals—nearly 300,000—had been microchipped and registered and nearly 315,000 microchipped. That is a 43 per cent increase on the number of animals registered in the previous year. I do not think we made any estimates or established any aims; we did not really know how many dogs and cats were out there. There are 612,997 animals on the register, which is a lot of animals. I think that is pretty good. We did not aim for any numbers but councils generally are starting to do this task quite well. We have had some notable successes: animals being returned to homes, for example. When you assess the aims of the companion animals legislation—returning animals to homes and promoting more responsible ownership—I think you will agree that it is working.

**The Hon. DUNCAN GAY:** How many cats are microchipped and registered?

**Mr WOODS:** It may be possible to get that information for you.

**The Hon. DUNCAN GAY:** Why only "may be"? I would assume there is a delineation between cats and dogs.

**Mr WOODS:** There is quite a difference between cats and dogs. We would probably be able to provide that information. I will take that question on notice and hope to provide you with an answer.

**The Hon. DUNCAN GAY:** An animal control expert informed me recently that, of the estimated 5,000 cats he has picked up since the inception of the Act, just five had microchips. What action is being taken to boost compliance by cat owners?

**Mr WOODS:** Most councils have officers and part of their job is to pick up stray dogs and cats. Those animals are sent to the pound and if they are microchipped or can be identified as belonging to someone, the owners are notified and the animals must be microchipped and registered prior to their return. If the owners are not willing to do that, the animals are not returned to them. The council then has the choice either to attempt to rehome the animals with someone who is willing to microchip and register them or to destroy them. Under the legislation, cats born prior to July 1999 are not required to be registered. Dogs or cats up to six months of age and working dogs do not need to be registered.

**The Hon. DUNCAN GAY:** Are there any plans to streamline the two-step registration system whereby the owner must get the animal microchipped and then take the registration details to the council?

**Mr WOODS:** We made some minor amendments in 2001 to improve the effectiveness of the legislation. I have said on many occasions that we will continue to consider ways of making the legislation work better. A five-year review of the Companion Animals Act will occur in 2003. The advisory board makes suggestions to me from time to time. Changes have been made that do not require legislative amendment. We will be happy to consider changes—including streamlining the process—under the review.

**The Hon. DUNCAN GAY:** Is any information available about the estimated number of animals microchipped but not registered, and what action is being taken to educate owners about the two-step process?

**Mr WOODS:** I think you are after the numbers that I gave before. As of 18 April 2002 there were 612,997 animals on the register. Of those, 298,198 are microchipped and registered and 314,799 are recorded as being only microchipped.

**The Hon. DUNCAN GAY:** That is a large number.

**Mr PAYNE:** The reason for the variation is, first, as the Minister said earlier, that some of the animals do not need to be registered. Secondly, the transitional provisions run until September this year, after which time people must have their animals lifetime registered. Until then they do not: They can have just yearly registration. More than that, we have provided councils with a program that

allows them to chase up those animals that are microchipped and not registered. So councils will be able to find owners and approach them to get their animals registered.

**Mr WOODS:** We have established a Companion Animals Fund under the Act and some of the money in that fund is used for community education programs. Last year we established the Companion Animals Community Education Grants Program, which provides grants to councils for projects that produce community education resource material that can be used by all New South Wales councils. I have seen some of the things that some councils are doing, and they are very good. Councils are working with schools, distributing education material, information, signs and brochures, encouraging responsible cat ownership by promoting voluntary cat curfews, and introducing dog waste reduction programs in public places. There is a range of projects aimed at the educational side and at promoting more responsible ownership.

**The Hon. MALCOLM JONES:** Have the benefits of the amalgamation of councils, such as the amalgamation of Drummoyne and Concord into Canada Bay, been realised?

**Mr WOODS:** I do not think we have assessed that yet. It should be done and we have plans to do it. I think it is important to see that it is possible to have those benefits. Whether you achieve the possible benefits depends very much on how the new organisation acts. As you would probably be well aware, one council can do very well while a similar council can do very badly. It is very much about management. It is similar with amalgamation: achieving all the benefits that are possible depends very much on the councils. We have not done that assessment. There have been a number of council amalgamations, and some are doing much better than others. I think the Casino-Richmond Valley amalgamation is doing well. I agree that we need to—and I want to—see how they are going. However, I do not think we should do that too quickly as some of the benefits will take time to flow through.

**The Hon. MALCOLM JONES:** Has there been any interim reporting to you?

**Mr WOODS:** Yes, but not so objective as to allow us to make judgments about it. There have been some good reports and some bad reports.

**The Hon. MALCOLM JONES:** Would you like to comment on the observation that Sydney city council was to be given all the expensive problem areas, such as Kings Cross and Darlinghurst, which have many sociological problems, without the revenue base provided by less costly, more revenue positive suburbs and business areas to help fund its expenditure? Are the boundary changes likely to create greater unfundable liabilities for Sydney council?

**Mr WOODS:** The nature of the split-up of assets and other matters has not yet been decided. That will happen after a couple of months of negotiation. We have not yet reached that stage because of the court action by councils.

**The Hon. MALCOLM JONES:** The split-up of assets is one issue, but I have seen little reporting about consideration of incumbent liabilities in the focus on expanding Sydney city council.

**Mr WOODS:** When I talk about assets I am talking about liabilities also. That is all part of the area that we must look at in making those decisions. We have not reached that negotiation stage.

**The Hon. MALCOLM JONES:** Let me get this straight. There has been a court case in which the Government has incurred substantial legal costs?

**Mr WOODS:** It is still going.

**The Hon. MALCOLM JONES:** One judgment has been issued, is that right?

**Mr WOODS:** I think a couple of decisions might have been made.

**The Hon. MALCOLM JONES:** Are you saying you went to court and incurred all those costs without giving due consideration to the application, or division of, the assets and liabilities of that expanded council?

**Mr WOODS:** No, I do not think that is the case at all. After all, we did not go to court of our own will. This is a response to the council's court action and what you need to understand is that that Land and Environment Court decision has far wider implications than those we are talking about. Boundary changes in New South Wales occur fairly regularly. Quite often there are minor ones and those matters need to be clarified so that action can take place.

**The Hon. MALCOLM JONES:** What is the Government's position now with Sydney City Council?

**Mr WOODS:** The Government's position is that we are appealing the Land and Environment Court decision.

**The Hon. MALCOLM JONES:** I refer to page 12-7. Can it be said that the Development, Oversight and Assistance to Local Government program improved its services to local councils when employee-related and other operating expenses increased by more than \$1.7 million but with very little increase in the number of circulars and guidelines issued, education seminars attended by local councillors and complaints processed?

**Mr WOODS:** Are you saying we are not being as informative to local government as we should be?

**The Hon. MALCOLM JONES:** Yes.

**Mr WOODS:** We do run an extensive web site that is well used by local government. That would be one of the reasons why we are not sending them as much as we did in the past by mail.

**Mr PAYNE:** Are you asking what do we do with the money we spend?

**The Hon. MALCOLM JONES:** Yes. There has been an increase of \$1.7 million in that specific item yet the information generated from this sector has not been particularly expanded.

**Mr PAYNE:** The \$1.7 million increase is largely brought about by increased expenses associated with the move to Nowra, not by the operational aspects of the department.

**The Hon. MALCOLM JONES:** If we could focus on Nowra. When is your building likely to be completed? At this time last year we talked about the move to Nowra. Where are you in regard to completion of the building?

**Mr WOODS:** I think it is pretty much on track. It looks like being completed in December/January.

**The Hon. MALCOLM JONES:** How many staff members have indicated that they are prepared to relocate to Nowra?

**Mr WOODS:** I do not know if that is at the completion stage. A number of staff have done that. It is an ongoing process.

**The Hon. MALCOLM JONES:** Would that not affect your budgeting? Would you not seek to clarify that?

**Mr WOODS:** We know how many will be employed there, or very close to. There will either be people going there or new people employed. So it is not going to affect the total number of staff.

**The Hon. DUNCAN GAY:** Can you be specific on those numbers?

**Mr WOODS:** I think I can be fairly specific. The total will be the same as at present, that is, 58 to 60.

**The Hon. MALCOLM JONES:** If you do not know how many are going to relocate, do you have any specific amount earmarked for redundancies of those who wish to leave?

**Mr PAYNE:** It is not a static process. We have been recruiting and losing people over the last couple of years.

**The Hon. MALCOLM JONES:** It seems to have been going on for years and years.

**Mr PAYNE:** We are not building the building, but the building will be finished in December, we are told. The number of people who physically go from Sydney to Nowra is probably likely to be in the order of 40 to 45. There will be some positions—mainly the administrative positions—we will hold for some local recruitment if we have vacancies. Right at this very moment we have asked staff to indicate whether they are going to Nowra or will be seeking a voluntary redundancy or redeployment. The staff have made that decision but it is reversible and some have in fact changed their minds. So we will not know the actual numbers until virtually the time of the move, but that suits us.

**CHAIR:** Is that 40 to 45 persons, rather than a percentage?

**Mr PAYNE:** Persons.

**CHAIR:** When Agriculture went to Orange the figure was about 40 percent and that was fairly high.

**Mr WOODS:** Also, there is no need to know until we are close to the time.

**The Hon. MALCOLM JONES:** I beg to differ, Minister. If you have to work with reduced numbers in Nowra because people are failing to—

**Mr WOODS:** No, we will not have to. As the director-general indicated, we will recruit people.

**The Hon. MALCOLM JONES:** You still have to train them.

**Mr WOODS:** Where there is a requirement for particular qualifications I would think you would be advertising for people with those sorts of qualifications and ability.

**The Hon. DUNCAN GAY:** Is there a pool of suitably qualified people in Nowra?

**Mr WOODS:** I would hope so.

**The Hon. MALCOLM JONES:** Minister, that may occur over a prolonged period of time and you might not be able to give adequate resources to the councils that you serve.

**Mr WOODS:** No, I do not think that is the case. I am very mindful that the service the Department continues to give to councils is good. I think special provision is being made for communications down there so that councils will be able to communicate effectively without going to Nowra. That added ability to communicate will result in a saving, particularly for country councils that in the past needed to come to Sydney to do something. They will be able to do that online or in some other way.

**The Hon. JANELLE SAFFIN:** Could you outline the performance of the Pet Line service please?

**Mr WOODS:** This was an early response to some of the issues identified by the Australian Veterinary Association. We had quite a few problems getting it there because there were privacy issues and issues about giving other people access, if you like, to the details of the register. The Pet Line was set up to provide 24 hour seven-day a week access by vets to the companion animals register, but it does adhere to those privacy requirements. What happens is that Pet Line contacts the owner to tell them their pet is with a vet. That is the case when somebody picks up an injured animal



and takes it to the vet; the vet has an interest then as to what he does with that injured animal. So he is now able to contact Pet Line, Pet Line contacts the owner, and it is useful then for vets, particularly after hours when councils are not on duty and cannot be contacted.

There have been 8000 calls made to Pet Line since it was launched. In a review we found there was a 70 per cent success rate in owners being contacted, and of those that were unsuccessful, most were unsuccessful because the owner had either moved or just was not answering the phone, and perhaps was on holidays. So the line gives the vet the ability to have access to the owner or the owner to come back to the vet and instruct the vet what should be done with the animal. There may be decisions that the vet may need to make about the expense of medical procedures and things of that nature. It has been successful and I understand that the vets' association is very happy. I did have a number of meetings with them along the way. It was launched in August 2000.

**The Hon. DUNCAN GAY:** I am still looking at local government boundaries. What consideration has been given to the future role of the Boundaries Commission following the recent adverse Land and Environment Court ruling about the validity of the report on inner city boundaries?

**Mr WOODS:** That would be another reason why the appeal needs to go ahead. That sort of ruling may be applicable to many more organisations than the Boundaries Commission. I think the appeal needs to be heard. We need to get a decision on this appeal and then we need to consider all those matters that the final decision affects.

**The Hon. DUNCAN GAY:** What is the total expenditure of the Local Government Boundaries Commission to date on the proposed boundary changes announced by you on 15 November 2001?

**Mr WOODS:** I did mention we were going ahead with that because there are wider implications. Of course it is worth pointing out that it is not a cost I enjoy.

**The Hon. DUNCAN GAY:** It was not the legal costs I was asking you about, it was about the expenditure of the Local Government Boundaries Commission. My understanding is you are paying the legal costs, not the Boundaries Commission.

**Mr WOODS:** I am getting to that. The court action was brought by the councils. The cost as at June 2002 to the New South Wales Local Government Boundaries Commission was about \$190,000, which included the engagement of two consultants.

**The Hon. DUNCAN GAY:** Can you delineate in that figure the actual cost of the consultants?

**Mr WOODS:** I might well have it. The answer is about \$130,000, but you already know that because I received a question on notice from you on 7 May, and it has been answered.

**The Hon. DUNCAN GAY:** Before you are too smart, can you answer the rest of the question?

**Mr WOODS:** Yes, sure.

**The Hon. DUNCAN GAY:** The delineation?

**Mr WOODS:** Yes, about \$130,000 on the engagement of two consultants. I just gave that.

**The Hon. DUNCAN GAY:** What has been the total cost to date of legal action to defend the Government's position in this case?

**Mr WOODS:** About \$120,000.

**The Hon. DUNCAN GAY:** That is to date?

**Mr WOODS:** Yes, and it is not a cost I enjoy, but it is a cost forced by councils.

**The Hon. DUNCAN GAY:** Given that you were highly critical of the protest actions by both South Sydney and Leichhardt councils against the boundary change proposals, how can you justify appealing the decision of Justice Talbot, a decision that, by your estimation, has cost you well over \$100,000?

**Mr WOODS:** Quite easily. We are appealing that Land and Environment Court decision because we have been advised by the Crown Solicitor that an appeal to the Court of Appeal has strong prospects for success, for the reason I outlined prior—the Land and Environment Court decision has wide implications for boundary changes in New South Wales—and also for the reason that you brought up that some of the decisions that took issue with the operation of the Boundaries Commission might also have wider implications than that. There are very strong reasons that an appeal proceeds, and no boundary changes will proceed until the result of the appeal is known.

**The Hon. DUNCAN GAY:** You indicated that part of the basis was the Crown Solicitor's advice. Was that the only basis?

**Mr WOODS:** No. I have gone through a number of bases, I think three, in my answer. There is the fact that the New South Wales Crown Solicitor has advised us that an appeal to the Court of Appeal has strong prospects for success, that the Land and Environment Court decision has far wider implications for boundary changes in New South Wales, and that it may well be that the effects of that decision of the Land and Environment Court may affect the operation of the Boundaries Commission and perhaps some other organisations.

**The Hon. DUNCAN GAY:** Will you make the Crown Solicitor's advice available?

**Mr WOODS:** I will take that on notice.

**The Hon. Janelle Saffin:** That may jeopardise the case.

**CHAIR:** On that issue, as soon as these questions started I checked with the clerks to make sure there was no sub judice element involved, and we have not transgressed anything yet.

**The Hon. DUNCAN GAY:** There is not a jury.

**CHAIR:** But the test is whether there is any real or substantial danger of prejudice to the trial and the case. In this particular case it would be up to them whether they provide that or if it causes some problem with the court case. They will take that on notice.

**The Hon. DUNCAN GAY:** Was that a yes or no? Will you provide the Crown Solicitor's advice?

**Mr WOODS:** I agree with what I say. I said that I will take it on notice.

**The Hon. DUNCAN GAY:** Would you give an undertaking to provide that Crown Solicitor's advice once the court case is concluded?

**Mr WOODS:** I will take that question on notice.

**The Hon. DUNCAN GAY:** You are refusing to answer?

**Mr WOODS:** No. I will take the question on notice.

**The Hon. DUNCAN GAY:** Do you agree that Justice Talbot's ruling may not have been made had the commission done its job properly in the first place?

**Mr WOODS:** No. I am not a lawyer. I do not think my opinion would hold any real weight with anybody. If you want me to get some advice as to what that is, I will go and see my son, who has some legal training, and get back to.

**The Hon. DUNCAN GAY:** But you might not provide it to us, any way?

**Mr WOODS:** That is right. It would be good advice, though.

**The Hon. DUNCAN GAY:** Considering that you have been critical of spending by the councils that stand to be the most affected by these changes, why have you not been critical of the City of Sydney, a council that has spent an estimated \$12 million on purchasing a building in Kings Cross that now cannot be used, and has spent an undetermined amount of money in its bid to take over areas of South Sydney and Leichhardt?

**Mr WOODS:** That is a completely different issue. That is about councils operating and decisions councils make with or without—

**The Hon. DUNCAN GAY:** Why be critical of one lot and not the other?

**Mr WOODS:** Because one lot is —

**The Hon. DUNCAN GAY:** Are you picking winners?

**Mr WOODS:** No. One is about the changes that I proposed as a good idea. I am supportive of those and I see some of the actions as purely self-seeking. As I mentioned, I think that decisions that councils make in an operating sense are very much a matter for themselves.

**The Hon. DUNCAN GAY:** Do you approve of the City of Sydney purchasing a building in an adjoining council area that it does not yet have?

**Mr WOODS:** It is simply not a matter I have an opinion on.

**The Hon. DUNCAN GAY:** Why would you not?

**Mr WOODS:** It is an operational matter for council.

**The Hon. DUNCAN GAY:** But you are being critical of the other councils.

**Mr WOODS:** I have been critical of the councils taking action on the boundary changes for reasons that I see as self-seeking. I do not see this matter as connected with the matter that you mentioned.

**The Hon. DUNCAN GAY:** Has any consideration been given to scrapping the current process completely and starting over again, this time with careful consideration given to all community involvement?

**Mr WOODS:** I do not think that the time for consideration of what might occur, given what has occurred already, has come yet. That will come after we see what the decision of the Court of Appeal is. That is the appropriate way that the process should work.

**The Hon. DUNCAN GAY:** If the plans to change the boundaries proceed, will you commit to compensate South Sydney and Leichhardt councils to make up for their lost revenues?

**Mr WOODS:** No.

**The Hon. DUNCAN GAY:** Why not?

**Mr WOODS:** You would have to look, firstly, at the net result, and I went through the negotiation process on assets and liabilities. We are not at that stage yet. We need to go through that. What I would look for is a fair result from that. It is my third opinion that all those councils can be viable and work well. If you are talking about South Sydney you must be well aware that it does all right. In the comparative index that comes out each year, as you are aware, groups of similar councils are tabulated. South Sydney has operating expenses of, I think, \$1,293 from memory—I could be

corrected on that—per capita, which is at least twice as much and nearly three times as much as any other council in that grouping of councils.

**The Hon. DUNCAN GAY:** Have you spoken to Professor Sproats since you accepted his final report?

**Mr WOODS:** I do not know if I have or not. No, I have not.

**The Hon. DUNCAN GAY:** Having commissioned this man to produce a significant report and having put out a very abridged version, you did not contact him about your abridged version of his?

**Mr WOODS:** Is that a question?

**The Hon. DUNCAN GAY:** Yes.

**Mr WOODS:** I just said I have not met him.

**The Hon. DUNCAN GAY:** You have never met him?

**Mr WOODS:** No, your question was have I met him since the report came out and I said, "No". I have met him, if that is another question.

**The Hon. DUNCAN GAY:** No, it was not.

**Mr WOODS:** Answering your original question: no.

**The Hon. MALCOLM JONES:** I want to go back to the move to Nowra. You have an allocation of \$2 million—\$1.9 million in the budget papers—for the next financial year to accommodate the move. Is that the total opportunity cost, or will there be further costs that will be taken out of any other areas?

**Mr WOODS:** There is the cost of the building, of course.

**The Hon. MALCOLM JONES:** That is the cost of the building?

**Mr WOODS:** No, but there is the cost of the building and all those other matters. But they do not appear in my budget. They occur in the Department of Public Works budget.

**The Hon. MALCOLM JONES:** That is for the building and fit-outs, I assume?

**Mr WOODS:** And fit-out, yes. The \$1.9 million is \$300,000 for removal and establishment costs in Nowra, \$100,000 to do various works at Bankstown after the move or prior to it and \$1.5 million for payment under the Transfer of Officers Compensation Award. There is also a capital program that includes money for furniture and other equipment, some money for computer facilities, systems and connections, money for telephones and also videoconferencing facilities. That is what this provision is for. The attempt there would be to have that inclusive of everything. It may well come out less than that.

**The Hon. MALCOLM JONES:** In the past you have been critical of councils and their expenditure. Currently, you are looking at an overall expenditure of \$91.8 million in your department, of which about \$77 million is distributed by way of grants to the committee. Your operating costs are about 18¢ in the dollar. Because of the move to Nowra and the oncosts, could we not achieve a better economy of scale if your ministry, or the administration of your ministry, were absorbed into another larger ministry?

**Mr WOODS:** I think it is important that local government have a ministry. Although the total expenditure by the department, especially if you take out the pensioner rebates and staff, is quite small relative to other departments, local government as a whole spends a hell of a lot of money—\$4 billion a year. It is a big industry. It is important that there is a Department of Local Government. I

think that would need to be considered in any decision like that. I have given no consideration to the Department of Local Government being absorbed by another department and in fact, the move to Nowra and the agreement of the Government to do that would underline the Government's opinion that there needs to be a Department of Local Government.

**The Hon. JANELLE SAFFIN:** Do you think the Department of Local Government should be disbanded, Malcolm?

**The Hon. MALCOLM JONES:** I am not being questioned here.

**The Hon. JANELLE SAFFIN:** I am just curious.

**The Hon. DUNCAN GAY:** I think that is a fair point.

**The Hon. MALCOLM JONES:** It is a question of economies of scale.

**Mr WOODS:** Did Duncan say he thinks it is important that it be disbanded?

**The Hon. DUNCAN GAY:** No, it is a fair point that the Hon. Malcolm Jones is not here to be questioned by the partisan Government members.

**The Hon. JANELLE SAFFIN:** I was curious. It just seemed such an unpopular position.

**The Hon. MALCOLM JONES:** I do not have to justify my position, Mr Chairman.

**The Hon. AMANDA FAZIO:** I am not sure whether this question comes under Local Government or Regional Development. Minister, can you tell us about the success of the Government's regional investment tours?

**Mr WOODS:** Yes, they have been terrific. Mr Harris might want to talk about this later, too. They started in 1998 as a means of regional businesses showcasing what they were doing to investors and financial institutions. Each of the six regional investment tours has gone to three or four locations each time. Since November 1998 we have visited 20 destinations, including Orange, Dubbo, Griffith, Armidale, Tweed Heads, Bathurst, Nowra, Murray, Upper Hunter. Tours have been attended by 85 executives representing 45 different financial institutions, including Deutsche Asset Management and National Australia Bank. Seventy-nine regional organisations have made presentations on the tours about investment opportunities, agribusiness, aviation, wine, aquaculture, meat, transport, and timber, etcetera.

One of the successes of the fourth tour has been Aspect North at Lismore raising \$2 million. It is doing very well. About \$13 million has been raised by other companies involved in the regional investment tours, including Permadrive and Biosolids. A further five projects have raised finance for undisclosed amounts. In total, the Department of State and Regional Development estimates that the tours have raised in the order of \$5 million to \$10 million as a cumulative total for projects. Other successes have been offshoots of that. People who have not been actually involved in the tours have got the necessary knowledge to make the contacts to do things. For example, Black Watch Boats at Tweed heads raised capital internally following the presentation of its finance needs to its own directors in preparation for a regional business investment tour.

About \$2 million worth of deals are under negotiations. Eighteen companies are in discussion with investors on the tours about deals worth \$35 million. Participation in regional investment tours can have other benefits as well. A number of companies have revamped their strategy and business direction, and received business leads and referrals. The 2001 program comprised two tours and visited a number of places. We have learned a lot from them as well. We have some programs that are about educating business and bringing them up to the investment-ready stage.

The driving force behind this is that one of the things we have been told continually is that access to capital for country businesses was not as easy as it is for city businesses. In other words, there was a failure of the market the capital investment industry was not working as well in country

areas. This is what we did to play a part in fixing that market failure. It has been really successful. Mike might like to say something on this.

**Mr HARRIS:** Do you want to say something about the legacy of skills?

**Mr WOODS:** No, you do that. I think it is really good—all the skills and everything.

**Mr HARRIS:** Thank you, Minister. The Minister's comments reflect the impact of the regional business investment tours. The most significant legacy is the skill that accrues to companies in regional New South Wales. Many of these companies are often exceptionally adept at running their own businesses but do not necessarily have the skill to raise capital or make presentations in relation to their companies of the sort that are required generally by venture capitalists and investment groups. We have discovered that it has been of great assistance to work with the companies that are going to present to the visitors on the regional business investment tours and to help those companies develop skills that will allow them to make presentations of a professional standard.

Many of those companies believe that it is one of the great legacies of the tours that has been left with them. Whilst the companies are extraordinarily skilful in many ways, often they just do not have the opportunity to undertake that sort of work. So apart from the direct investment that the Minister has alluded to and the awareness of the opportunities in regional New South Wales, there is also the legacy of a great level of skill left within those organisations and their ability to approach the market perhaps in a more successful way, then and in the future.

**Mr WOODS:** Duncan, I reckon if there is one program that you should continue if you ever get into government it is these regional investment tours.

**The Hon. AMANDA FAZIO:** Don't worry Harry, if they get into government he won't be the Minister.

*[Short adjournment]*

**The Hon. DUNCAN GAY:** I refer to the Regional Economic Transition Scheme, RETS. Minister, can you explain where the \$5 million outlined in the 2001-02 budget to attract new industries was spent? To which areas were the new industries attracted?

**Mr WOODS:** Since 1998, 100 projects with investment totalling \$130 million have been assisted with RETS. That should have employment outcomes of 2,000 jobs created or retained. The 2001-02 budget provides for the program to run for a further four years. In those areas that have only one or two industries and suffer a sharp economic downturn for one reason or another the Government has been able to assist with this scheme. I can give some examples if you would like of the places that have been assisted. There are many but you would not want all the details.

**The Hon. DUNCAN GAY:** Perhaps you could undertake to provide us with the information in writing.

**Mr WOODS:** It is a very good program. You have seen where it has worked well in places such as Blayney. After the closure of Mountain Maid at Batlow we provided assistance there. When a town or area receives a blow like that, the provision of assistance through a Government program gives an immediate lift to morale. The Federal Government is very interested in it and we have had meetings with them.

**The Hon. DUNCAN GAY:** How was the extra 2001-02 allocation of \$724,000 to the regional economic transition scheme [RETS] for the meat processing industry restructuring program spent?

**Mr WOODS:** I am aware of some spending; perhaps Michael will go through them.

**Mr CULLEN:** One of the really fortunate things since the meat processing program was brought into play is that \$724,000 was set aside to help communities with the closure of the meat industries. However, since the program came into play there has not been a closure of a major meat

processing operation. The funds are still available within the overall scheme, but they have not had to be utilised because there have been no major closures in the meat industry.

**Mr WOODS:** However, that is likely. The recent report identified a significant overcapacity in the meat industry in New South Wales. In broad terms it is likely that in the future there will be closures.

**The Hon. DUNCAN GAY:** Minister, what would happen if your expectation of a closure does not take place in a particular area? What would you do without money at the end of the year? Does it go back to Consolidated Revenue?

**Mr HARRIS:** Yes, effectively, if it is not used.

**Mr WOODS:** Yes.

**The Hon. DUNCAN GAY:** So you do not use it in any other way in any other part of the RETS? If you did not use all the \$724,000, why would you not use that in another part of the scheme?

**Mr WOODS:** It is a four-year program, so it would carry on to the following year.

**The Hon. DUNCAN GAY:** So it does not go back to Consolidated Revenue?

**Mr WOODS:** No, not year by year; it is a four-year program. Like most programs it has lumps and depressions, as is the nature of regional development. I would have no expectation that that money would not be used. I am confident, although I wish I were not confident, that it will be used.

**The Hon. MALCOLM JONES:** I ask Mr Harris a supplementary question. If money is not taken up in a program, because it is a four-year program, at the end of that fiscal period, how is the money accounted for?

**Mr HARRIS:** I am sorry, I do not follow your question.

**The Hon. MALCOLM JONES:** If you earmark X-million dollars for a program, and at the end of the next accounting period you have not used any of that money, how would that money be accounted for in your department? Is the money held in a holding account? How is it portrayed through the budgets?

**Mr CULLEN:** With business, typically there is three-year or four-year cash flow requirement, because of payroll tax concessions over a number of years. It is actually rolled forward. We tell Treasury each year what our expectations of expenditure are for the following year. It is actually captured in a roll-forward cash commitment.

**The Hon. MALCOLM JONES:** So it is only accounted for to Treasury and not through your accounts to the general public?

**Mr CULLEN:** In the budget figures there are estimates of likely expenditures for each particular year.

**The Hon. MALCOLM JONES:** Since the method of accounting was changed we do not have line items for programs, and that creates a problem. It is difficult to know how much money is held in abeyance to shore up programs that still have a two-year or three-year life span. What can you do to assist the Committee to find out what those amounts are?

**Mr WOODS:** I think you are going to have to live with the problem if you see it as a problem. I do not see it as a problem, particularly with regional development. As I mentioned before, by its nature you often have a long lead time.

**The Hon. MALCOLM JONES:** Are you saying that we have to live with the problem of insufficient accounting to the public for moneys held by your department?

**Mr WOODS:** No, that is not what I said. I said the problem, if you see it as a problem, is the fact of these lead times and the lumpy nature of regional development. I do not see it as a problem. The problem you are alluding to is that the money is not spent. From my experience the money in this department is spent and it produces quite significant results in investment. I know it is a significant amount, and I was surprised when I heard it. The problem you are talking about, as I see it, is really hypothetical. It does not occur

**The Hon. MALCOLM JONES:** Accounting for money is not hypothetical, Minister.

**Mr WOODS:** I think you are asking for a year-by-year description.

**The Hon. DUNCAN GAY:** Your councils have to provide that.

**Mr WOODS:** Yes, and we do too.

**The Hon. MALCOLM JONES:** Well, where is it?

**Mr WOODS:** I can tell you how much investment there is and how much we have spent. But you are trying to relate that to the total and often it is carried forward.

**The Hon. MALCOLM JONES:** When the transcript of this hearing is available, I ask you to read the questions and your answers and revisit the question and take it as a question on notice.

**Mr WOODS:** Yes, I am happy to do that.

**The Hon. DUNCAN GAY:** Minister, I refer to RETS. What assistance was allocated under the dairy RETS and, importantly, how much was spent on the last financial year?

**Mr WOODS:** I will ask Mr Cullen to respond.

**Mr CULLEN:** Last year there was a commitment of \$500,000 for the dairy RETS from the RETS. Of that, the total amount was committed last year.

**The Hon. DUNCAN GAY:** So it was all spent?

**Mr CULLEN:** It was committed, because there is always a cash flow. It is committed in a year, it might be spent in that year, or it might be flowed out into previous years.

**CHAIR:** Was it actually allocated to someone?

**Mr WOODS:** Yes, that is right. It has been fully allocated.

**The Hon. DUNCAN GAY:** Minister, have any new industries been established in New South Wales through the RETS?

**Mr WOODS:** I think so. I will take that question on notice because I do not have a full list of them.

**The Hon. JAMES SAMIOS:** Was the \$1 million promised in 2001-02 for the Country Lifestyles Program fully expended?

**Mr WOODS:** Yes, I think so.

**Mr CULLEN:** Again, the amounts were committed. It is important to understand that if they are committed in a year they are allocated to projects within the year.

**The Hon. JAMES SAMIOS:** How much investment has been attracted to regional centres as a result of a program?



**Mr CULLEN:** The Country Lifestyles Program includes things that the Minister spoke about previously, such as the regional business investment tours. As a result of the regional business investment tours, which are one small portion of the program, we are aware of about \$15 million in investment as well as other projects under negotiation. Another component of the program relates to some additional services through the Industrial Supplies Office [ISO]. Again, they have had some good wins for local businesses through winning new business and being able to create jobs in the regions.

**Mr WOODS:** The ISO services are advantageous. I would hazard a guess that quite significant investment flows through because of their presence. It is impossible to put a figure on it.

**The Hon. JAMES SAMIOS:** Minister, which regions and towns have benefited from the Country Lifestyles Program?

**Mr WOODS:** With the ISO there is Dubbo, Goulburn, Wagga Wagga, Grafton and Tamworth. I have mentioned the business tours and gave some figures on them, and there would be in excess of 20 of them. I would be able to supply you with a list of those places.

**The Hon. JAMES SAMIOS:** Yes. Please take that question on notice.

**Mr WOODS:** We would have no problem with putting names to places for other aspects of the program, although they escape me at the moment.

**The Hon. JAMES SAMIOS:** Minister, how much money has been directed to that program?

**Mr WOODS:** It is \$1 million per annum.

**The Hon. JAMES SAMIOS:** How many companies were assisted to relocate to country locations by your Government under the RETS?

**Mr WOODS:** Through the various regional business development programs the Department of State and Regional Development has facilitated or assisted 102 businesses in 1996-97, 127 in 1997-98, 110 in 1998-99, 156 in 1999-2000, and 131 in 2000-2001. Three-quarters of those projects represent expansion or diversification. We run quite a number of events, business breakfasts and those sorts of things, to assist or encourage businesses to relocate. During the Olympics, we ran quite a number of activities to attract companies, particularly overseas businesses, to country New south Wales.

**The Hon. JAMES SAMIOS:** How much money was actually spent by your Government under this scheme in the past financial year?

**Mr CULLEN:** Under the Regional Development Assistance line item, it is estimated that \$14 million will be spent on the various regional development programs. There are also programs in the Hunter Advantage Fund and the Illawarra Advantage Fund that assist businesses to either expand or establish in regional locations in the State.

**Mr WOODS:** The gain for your buck is terrific. The results of that are \$879 million in investment and over 4,000 jobs. It is a terrific result.

**The Hon. JAMES SAMIOS:** How many projects were assisted during the past financial year under the Main Street and Small Towns programs?

**Mr WOODS:** Approximately 70.

**The Hon. JAMES SAMIOS:** How much money was actually spent on this program?

**Mr CULLEN:** In terms of the program, again it is about allocating within a year. It would be in the order of \$650,000. That is not an exact figure but it is in that order for that program.

**The Hon. JAMES SAMIOS:** How many towns were involved?

**Mr CULLEN:** The number that the Minister has given you is 70 projects. It would not be quite a one-to-one ratio of projects because there would be some multiple projects, but it would be close enough to that number.

**The Hon. MALCOLM JONES:** Minister, by the presence here today of Mr Harris, I can assume that the Department of State and Regional Development comes under your jurisdiction. However, in Budget Paper No. 3, Volume 2, page 12-1, the line item states "Total, Minister for Local Government, Minister for Regional Development and Minister for Rural Affairs". Would you please point me to where the figures for Regional Development and Rural Affairs are? They are nowhere to be found in the area relating to your portfolio.

**Mr WOODS:** Regional Development is part of the Department of State and Regional Development. It would be part of those total figures. Rural Affairs in budgetary terms is administered by the Premier's Department and the Department of State and Regional Development. We have a joint relation for regional communities' access to government services. Access centres are covered in the Government's Staying in Town strategy document. The consultative council of the Australian Competition and Consumer Commission [ACCC] is supported by the Office of Regional Communities, which is part of the Premier's Department. It provides advice to the Premier, to myself and the Government on issues that impact on rural and regional New South Wales. The Country Lifestyles program, which is part of Rural Affairs, is administered by the Department of State and Regional Development.

**The Hon. MALCOLM JONES:** Does it come under your jurisdiction or not?

**Mr WOODS:** Regional Development, yes, and Rural Affairs is part Department of State and Regional Development and part Premier's Department.

**The Hon. MALCOLM JONES:** Where does the buck stop?

**Mr WOODS:** You can stop it with me if you like, I don't mind.

**The Hon. MALCOLM JONES:** Is it possible to make it more confusing?

**Mr WOODS:** I could try.

**The Hon. MALCOLM JONES:** Mr Cullen, would you explain the logic in the benefits, if any, of having a charcoal plant at Mogo and a silicon plant at Lithgow?

**Mr WOODS:** That is more a question for me. The benefits of the charcoal plant in financial terms are well out there. I cannot state them all but I have read them. Most of the objections are not all that valid. The silicon project as a whole is a first for New South Wales. It represents an investment of \$174 million, creates 180 jobs and will generate \$100 million in export revenues.

**The Hon. MALCOLM JONES:** That is not an answer to my question.

**Mr WOODS:** It is part of it. There are not a lot of places you could put the facility other than at Mogo. Mogo suits it well.

**The Hon. MALCOLM JONES:** You could put it at Lithgow. There is plenty of timber around Lithgow.

**Mr WOODS:** People come up with all sorts of suggestions, but Mogo is a good site for it, in my view.

**The Hon. MALCOLM JONES:** Is it more a political decision than logical?

**Mr WOODS:** No, it is absolutely logical. It stands up to any objective assessment.

**The Hon. MALCOLM JONES:** Having your energy source 100 kilometres from your plant is logical?

**Mr WOODS:** Apart from that, it is where the company wants to put it. We are not in private industry.

**The Hon. MALCOLM JONES:** My understanding is that the company wanted to put it in Lithgow.

**Mr WOODS:** My understanding is that the company wanted to put it in Mogo. Companies come to the Department of State and Regional Development and say, "I want to build something". I would like to say to them, "I reckon you all should go to Grafton". But they would not go there because they know where they want to go. It really is not up to the Government to say where everybody should go. It is up to us to see if it is suitable and to help them as far as possible to establish the business for the reasons of the investment money and the jobs involved.

**The Hon. MALCOLM JONES:** What will your department be doing to positively encourage farmers to comply with the new Threatened and Vulnerable Species Act?

**Mr WOODS:** I do not know if it comes under our department.

**The Hon. MALCOLM JONES:** Does the legislation not affect rural New South Wales?

**Mr WOODS:** You can talk about everything that happens in country New South Wales as rural and regional, but it does not mean that I am responsible for it. Otherwise I might as well be the Premier in charge of health, education and all those other portfolios.

**The Hon. MALCOLM JONES:** Perhaps we do not need your department at all, if you want to give responsibility to everyone else.

**Mr WOODS:** We are responsible for certain issues. By and large, the Department of State and Regional Development is about promoting business and investment in country New South Wales. That is what we do and we try to do it well. We do not look to doing everything else, otherwise we might as well be other departments.

**The Hon. MALCOLM JONES:** What is your department doing to stimulate or encourage regional airlines in rural communities following the recent airlines crisis?

**Mr WOODS:** "The Government cannot prop up failing companies. If you do it for one, you have to do it for another and another and another."

**The Hon. MALCOLM JONES:** Have you done anything to encourage airlines—

**Mr WOODS:** I did not say that; the Prime Minister of Australia said that. We have quite a different view. We look to the opportunities available and try to assist business. I know that Mr Loftus has put an enormous amount of work into the airlines side, along with the Department of Transport. We have made significant commitments to try to get new players, particularly in the case of Hazelton Airlines. You will find on examination that it is the Federal Government that is falling over on the job. When you get down to it, airlines—

**The Hon. MALCOLM JONES:** I asked about your area of concerns, whatever they now may be. What have you done to stimulate airlines going to regional New South Wales? I did not ask what everyone else has done or has failed to do. I asked what you have done. Perhaps I should ask the question of Mr Harris.

**Mr WOODS:** You can ask Mr Harris if you like because he and I talk about this on a weekly basis. He should have a bit to say in a moment. If you look to what we have done and the commitments the Government has made along the way during the crisis, that tells you what we have done. Mr Loftus can go through those. We have done significant things. You also have to look at who has responsibility for these matters. By and large, the responsibility for airlines—

**The Hon. MALCOLM JONES:** With respect, Minister—

**Mr WOODS:** You asked the question; let me finish.

**CHAIR:** Let the Minister finish the answer.

**Mr WOODS:** The responsibility lies with the Federal Government, as was shown in the airlines summit which I called and which was held in this very room. There were representatives from all over the joint. We made commitments as a result of the findings and requests made at that summit. It is the Federal Government that has not come to the party. Mr Loftus can go through those commitments.

**Mr HARRIS:** I will make some comment specifically in relation to the current issue of regional airlines. In September last year following the Ansett collapse, it became apparent that Hazelton Airlines, which of course had become a subsidiary of Ansett, was at risk. The State Government extended for the first time, I believe, a loan of some \$3 million within two days of that crisis emerging. It was acknowledged by Hazelton and by the administrator of the airline that it was, indeed, the action of the New South Wales Government that kept Hazelton flying to regional New South Wales.

**The Hon. MALCOLM JONES:** When you say you extended a loan, does that mean you offered it or the loan was in place and you gave it greater length?

**Mr HARRIS:** A loan was provided on commercial terms to Hazelton. Actually, it was provided to the administrator of Hazelton because the airline was obviously trading under administration at that point. The administrator is Sims Lockwood, who had to be a different administrator from the administrator who was handling the affairs of Ansett. Some 10 days or so after the State Government extended that \$3 million loan, the Federal Department of Transport also extended a loan of similar size to Hazelton—

**The Hon. DUNCAN GAY:** So that is not one of their failures that the Minister instructed you to tell us about?

**Mr HARRIS:** I would not comment on value judgments on failure or otherwise, Mr Gay.

**Mr WOODS:** In saying that I was trying to point out that the Federal Government has prime responsibility, in every sense of the word, for airlines. I do not think anyone would argue with that.

**Mr HARRIS:** I think that the Federal Government was very successful in following the lead that had been established in New South Wales. Those funds have remained available to the administrator and it is largely those funds that have kept Hazelton Airlines trading in New South Wales. As you are aware, there are now discussions between the administrators of both Hazelton and Kendall, a separate set of administrators, seeking to reach an arrangement with Australia Wide Airlines, a newly established company that is seeking to put both airlines together and to continue servicing regional Australia.

That process is under way at the moment and is really an issue between the administrators and the potential purchaser. From the point of view of the New South Wales Government, the Department of Transport has continued to liaise with its Federal counterparts, as has my department. The State Department of Transport has also called for expressions of interest from other airlines that have the appropriate operating certificates. This was a public process that was announced in the newspapers some weeks ago and I believe at the moment 10 airlines have indicated an interest in flying routes in New South Wales. Those airlines provide essentially a backstop should anything untoward occur in the commercial negotiations, so it has been quite a productive and positive process and it has ensured that regional airlines have continued to fly to centres throughout New South Wales.

**The Hon. DUNCAN GAY:** Do you still have an office, courtesy of the Department of Regional Development, in Bathurst?

**Mr WOODS:** Yes, indeed.

**The Hon. DUNCAN GAY:** Is it staffed?

**Mr WOODS:** It is indeed.

**The Hon. DUNCAN GAY:** How many days did you spend in that office last year?

**Mr HARRIS:** It is not courtesy of the department.

**Mr WOODS:** Quite a few. I could give you a full list of meetings, et cetera, if you would like.

**The Hon. DUNCAN GAY:** With regard to Nowra, could you tell me whether the whole department will go down there?

**Mr WOODS:** Yes, the whole department will go down there. You are probably leading to whether there will be any facility for them in Sydney, are you?

**The Hon. DUNCAN GAY:** That was one of the questions I was leading to. Would you like to answer that?

**Mr WOODS:** I think staff will need to have some access and some facility when there is a requirement from time to time to be in Sydney, so the department will negotiate to lease some floor space, perhaps from an area of the Department of Gaming and Racing in the Central Square Building in Castlereagh Street—only a small area—and the director-general will be coming to Nowra. I think you asked that question but to save you asking it again.

**The Hon. DUNCAN GAY:** I was going to ask it. Will the director-general be living down there?

**Mr WOODS:** That is a matter of choice for the director-general. Where the director-general lives is really none of my business or that of anyone else.

**The Hon. DUNCAN GAY:** How many senior executive staff have departed in the last 12 months from the Department of Local Government?

**Mr WOODS:** I will take that question on notice.

**Mr PAYNE:** Two.

**The Hon. DUNCAN GAY:** How many do you have in total?

**Mr PAYNE:** In total, including myself, three.

**The Hon. DUNCAN GAY:** So that is 60 per cent?

**Mr WOODS:** It is 66.6 per cent, yes.

**The Hon. DUNCAN GAY:** Does your ministerial office receive media monitoring services?

**Mr WOODS:** I would think so. I would hope so. Yes, I am told.

**The Hon. DUNCAN GAY:** What was the cost in 2001-02?

**Mr WOODS:** I will have to take the cost of media monitoring on notice.

**The Hon. DUNCAN GAY:** For your ministerial office?

**Mr WOODS:** Yes.

**The Hon. DUNCAN GAY:** Do your departmental officers, both regional development and local government, receive media monitoring as well?

**Mr WOODS:** Yes.

**The Hon. DUNCAN GAY:** Are they from the same source as yours or different sources?

**Mr WOODS:** Different sources.

**Hon. DUNCAN GAY:** And different from each other?

**Mr WOODS:** I do not know.

**The Hon. DUNCAN GAY:** So you source your own media monitoring? You do not source yours from the Premier?

**Mr WOODS:** No, we source our media monitoring.

**The Hon. DUNCAN GAY:** You do your own.

**Mr WOODS:** Yes.

**The Hon. DUNCAN GAY:** And Mr Harris, yours is separate from the Minister's and you also indicated it is separate from the Premier's?

**Mr HARRIS:** Yes, it is.

**The Hon. DUNCAN GAY:** What about yours, Mr Payne?

**Mr PAYNE:** The same.

**The Hon. DUNCAN GAY:** Now that we have established you actually have media monitoring, I draw your attention to the *Border Morning Mail* of 19 June 2002 entitled "Action on merger 'in weeks'", which states:

The Victorian Government will act on the Albury and Wodonga council merger plan in the next few weeks, a spokeswoman said yesterday.

The Government representative, a spokeswoman for Local Government Minister, Mr Bob Cameron, was speaking after *The Border Mail* revealed yesterday that legislation for a single city was being drawn up in NSW and Victoria.

Asked when Victorian Premier Mr Steve Bracks would make an announcement on the merger, the spokeswoman said it would be soon.

You indicated earlier you were unaware of this.

**Mr WOODS:** If I took notice of everything in there and I said I was aware of what governments were doing, I would be erring all the time.

**The Hon. DUNCAN GAY:** It is not a minor issue?

**Mr WOODS:** Hang on—so whilst newspapers might report certain things have happened, I am not aware of them. The Victorian Government has not been in contact telling me this at all. There is no awareness, government to government.

**The Hon. DUNCAN GAY:** But you were paying a large amount of money for media monitoring, your department pays a large amount of money for media monitoring, the Premier pays a large amount of money for media monitoring yet you are unaware of something as major as this?

**Mr WOODS:** I think I have answered that in my previous answer when I said that whilst something might appear in the paper, you do not automatically say you are aware of it. I am not aware

of legislation being prepared. The two governments are due to make a decision on the way forward very shortly. That is my knowledge of it. Just because somebody writes something in the paper does not make me aware of legislation being prepared, although they make reference to it. There are all sorts of references.

**The Hon. DUNCAN GAY:** Including consultants engaged to compile the discredited Boundaries Commission report. What has been the total cost to the Department of Local Government of engaging consultants for the current financial year?

**Mr WOODS:** For the year it is \$184,300, and that includes two consultants reports for the New South Wales Local Government Boundaries Commission. It also includes planning advice relating to the Tweed investigation, information technology and communications advice for the Nowra fitout and advice to the school of accounting at the University of New South Wales for local government financial advice.

**The Hon. DUNCAN GAY:** Could you tell the Committee what productivity savings you have put in place or have been asked to put in place with regard to staff this year?

**Mr WOODS:** Six per cent.

**The Hon. DUNCAN GAY:** Six per cent for local government. What about for regional development?

**Mr HARRIS:** It is 6 per cent over 18 months.

**The Hon. DUNCAN GAY:** Mr Payne, how are you going to achieve your 6 per cent?

**Mr WOODS:** Good management.

**Mr PAYNE:** It has yet to be decided but it will obviously come out of operational expenditure.

**The Hon. DUNCAN GAY:** In what way?

**Mr PAYNE:** As I say, we have not actually decided yet. There will be savings, for instance, with the Nowra move. As positions are vacant, we are filling them. There is a lag factor, but there will be savings there.

**The Hon. DUNCAN GAY:** So you will be understaffed for a time; that is how you will achieve savings?

**Mr WOODS:** No. There may well be savings—and I would be bold enough to predict this—in travelling because of the increased capacity in information technology and communications that the new facility will have. We may well have a lesser need to travel. That would be a very good thing and an ideal way of making some savings.

**The Hon. DUNCAN GAY:** Are you saying it is cheaper to go to Nowra than it is to Bankstown?

**Mr WOODS:** No. I am saying that information that may require officers travelling to councils, especially country councils, may not be as necessary in the future with the increased ability for information technology, communications, videoconferencing, all those things.

**The Hon. DUNCAN GAY:** If there is a problem at Deniliquin Council at the moment, you will not send somebody?

**Mr WOODS:** Are you serious?

**The Hon. DUNCAN GAY:** It is what you are telling me.

**Mr WOODS:** No, it is not what I am telling you at all. What I am saying is that in some circumstances there may not be a need. That would be viewed as a total need—not in every individual case. Each case would be assessed on the merits—whether to travel or not to travel in each individual case.

**The Hon. DUNCAN GAY:** Do you have videoconferencing facilities?

**Mr WOODS:** The new Nowra office will have videoconferencing facilities.

**The Hon. DUNCAN GAY:** That is within your budget for the next year already?

**Mr WOODS:** It is in those figures.

**The Hon. DUNCAN GAY:** When will you have access to videoconferencing?

**Mr PAYNE:** I would hope when we take up residence in the building, which will be December-January.

**Mr WOODS:** When they get to Nowra.

**The Hon. DUNCAN GAY:** Mr Harris, how does your department intend to obtain the 6 per cent savings?

**Mr HARRIS:** Like Mr Payne, I have a number of things I have still to review. However, it does introduce a number of exciting possibilities to look for opportunities. We have done an experiment with a number of issues that I am extremely hopeful about. We have already converted a lot of our cars in regional areas to liquefied gas, which is making savings. We are looking at our telephone communications costs to see what we can do there. We have almost installed a direct microwave link—a direct dish link—between our building in the city and our Parramatta office. There are a range of opportunities and we are looking at them all.

**Mr WOODS:** That indeed sounds exciting.

**The Hon. DUNCAN GAY:** Does the department still outsource functions to the Department of Gaming and Racing?

**Mr WOODS:** Indeed.

**The Hon. DUNCAN GAY:** What functions are conducted by the Department of Gaming and Racing on your behalf and what is the total cost to the department of outsourcing those functions? How does that cost compare with having the work completed in house by your department?

**Mr WOODS:** If you want a complete answer, I will have to take that question on notice. I might be able to give you some information now.

**Mr PAYNE:** The cost of the contract to the Department of Gaming and Racing, which provides all personnel, financial and other support services, is about \$240,000 a year.

**The Hon. DUNCAN GAY:** Is that more competitive than doing the work in house?

**Mr PAYNE:** It is. It would probably equate to three or four jobs, whereas probably six or eight officers were doing the work before. I am very pleased with it.

**The Hon. DUNCAN GAY:** Why are they more competitive than you?

**Mr WOODS:** I would suggest that it has to do with economies of scale.

**The Hon. DUNCAN GAY:** How many councils does the department currently have under a close watching brief?



**Mr WOODS:** Too darn many. I will take that question on notice.

**The Hon. DUNCAN GAY:** Under what circumstances does the department place a council on monthly reporting?

**Mr WOODS:** There can be a number of circumstances, but it is mainly for financial reasons. If we have some reason to believe a council's financial position might not be sound.

**The Hon. DUNCAN GAY:** Is there a standard list somewhere?

**Mr WOODS:** Criteria for doing this? No, I do not think so.

**Mr PAYNE:** It is very difficult to develop a standard because each case must be considered individually. Country councils are different from city councils. A council is put on a watching brief to help not hinder it. In some cases we have had councils under notice for six to 12 months. We will relax that provision if they start to move forward in a positive way.

**The Hon. DUNCAN GAY:** Minister, how constructive do you believe it is to name and shame a council that has been working closely with the department and redoing its finances? For example, Goulburn City Council had been working with the department and apparently had a process under way to the satisfaction of both parties, yet you adversely named it in Parliament while the program was under way.

**Mr WOODS:** I did, and I would have liked not to have named Goulburn. However, I named a number of councils for the same indiscretions and I felt obliged to include all councils that were reported to me by the department. To do otherwise would have been selective and bad policy. There is no doubt that many councils that were named at that time were not doing their duties. I think it is important that I inform the public generally, particularly ratepayers in those areas, when I have doubts about the performance of a council. I think the risk involved with not doing that is great.

**The Hon. DUNCAN GAY:** How does the process work when you name a council in Parliament? Does the department send you a letter requesting that you make your concerns public?

**Mr WOODS:** Certainly not. I decide whether I think the ratepayers of an area should be made aware of difficulties in a council.

**The Hon. DUNCAN GAY:** So the department never requests that you make this information public? You have access to a list of all the councils that the department is looking at and you make your own choice, is that correct?

**Mr WOODS:** You are mixing it up a bit. The department would make me aware of its concerns about councils. But, as far as making the information public in Parliament, that is my decision.

**The Hon. DUNCAN GAY:** No-one from the department requests that you do that?

**Mr WOODS:** No.

**The Hon. DUNCAN GAY:** Do you share the concern expressed by various ICAC commissioners about the naming for political purposes of people involved in a reference to the ICAC?

**Mr WOODS:** Can you be a little more explicit?

**The Hon. DUNCAN GAY:** Minister, do you share the concern expressed by the last three ICAC commissioners, particularly in connection with local government, about people using a public forum to make a reference to the ICAC regarding a local government matter?

**Mr WOODS:** What is the exact concern that these commissioners expressed?

**The Hon. DUNCAN GAY:** The last three commissioners indicated that they believe it is improper for people to refer someone to the ICAC publicly rather than sending a letter referring someone to the ICAC. They were particularly concerned about those referrals made in light of local or State elections.

**Mr WOODS:** I think you are talking about the ICAC protocols relating to public disclosure. I think you are talking about Tweed Heads.

**The Hon. DUNCAN GAY:** I was about to get to Tweed Heads.

**Mr WOODS:** I have heard of the claims made by certain councillors that are perhaps referred to in the report. They claimed that I broke some ICAC protocols. However, I assure you that I have broken no ICAC protocols in this regard. I have been advised of that by the ICAC and I have been advised further that the council at Tweed Heads was aware of this before those councillors made the claims.

**The Hon. DUNCAN GAY:** Last week there was another amendment to the community lands provisions of the Local Government Act. Are you now happy with the way the Act operates in relation to community lands?

**Mr WOODS:** I think the amendments were necessary and good and improve the operation of the Act. It would be very presumptuous of me to say that it cannot be improved further and I am more than happy to look at amendments in future that will improve it further.

**The Hon. DUNCAN GAY:** The bill to which I referred earlier also contained amendments relating to on-site septic management. Is this program working?

**Mr WOODS:** It is, and in my view it is working quite well at this stage.

**The Hon. DUNCAN GAY:** Do we still need a statewide regime for on-site septic management?

**Mr WOODS:** I think there is a need to sustain awareness, but it can be phased down.

**The Hon. DUNCAN GAY:** Are there any plans to introduce a pensioner rebate scheme for companion animals registration?

**Mr WOODS:** There is no rebate but there are discount rates.

**CHAIR:** The time for the hearing has expired. The Hon. Duncan Gay wants to put several questions on notice and it has been agreed that he will provide them within two days. The department has 35 days from the date of receipt to provide answers. Is that agreeable, Minister?

**Mr WOODS:** So long as the questions fall within the parameters of reasonableness and that sort of thing.

**The Committee proceeded to deliberate.**

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