

GENERAL PURPOSE STANDING COMMITTEE No. 2

Monday 25 June 2001

Examination of proposed expenditure for the portfolio areas

SMALL BUSINESS, AND TOURISM

The Committee met at 5.30 p.m.

MEMBERS

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

Hon. Dr A. Chesterfield-Evans
Hon. R. H. Colless
Hon. R. D. Dyer

Hon. J. R. Johnson
Hon. R. S. L. Jones
Hon. Janelle Saffin

PRESENT

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

Department of State and Regional Development

Mr L. Harris, *Director-General*

Mr N. Mercer, *General Manager, Executive Support Unit*

Mr J. Grady, *Manager, Finance*

Mr A. Ralhan, *Director, Small Business*

Tourism New South Wales

Mr A. Thirlwell, *Chief Executive Officer and General Manager*

Ms P. Murphy, *Director, Business Services, Corporate Affairs and CIO*

Mr D. Nolan, *Manager, Financial Services*

CHAIR: I welcome you to this public hearing of General Purpose Standing Committee No. 2. I wish to thank the Minister and the departmental officers for attending here today. At this meeting the Committee will examine the proposed expenditure for the portfolios of Small Business and Tourism. Before questioning commences some procedural matters 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 resolved to authorise the media to broadcast sound and video excerpts of its public proceedings. Copies of those guidelines are available from the attendants. I point out that in accordance with the Legislative Council guidelines for the broadcast of proceedings, only members of the Committee and witnesses may be filmed or recorded. People in the public gallery should not be the primary focus of any filming or photographs. In reporting the proceedings of the Committee, you must take responsibility for what you publish and what interpretation you place on anything that is said before the Committee.

There is no provision for members to refer directly to their own staff while at the table. Witnesses and members and their staff are advised that any messages should be delivered through the attendants on duty or the Committee Clerks. For the benefit of members and Hansard, could departmental officials identify themselves by name, position and department or agency before answering the questions referred to them by the Minister. To ensure that an accurate record is made of today's proceeding, I would ask witnesses to provide to Hansard copies of any notes or other written material that they refer to when answering questions. They will not be part of the Committee's deliberations and will be returned but will make the Hansard transcript more accurate. The Committee will not necessarily see them. Where a member is seeking information in relation to a particular aspect of a program or a subprogram, it would be helpful if the program or subprogram were identified.

The Committee has agreed to the following format at this hearing. The first hour, or 55 minutes, will be taken up with questions on Small Business, with a five-minute break, and then Tourism. The Opposition will commence with 20 minutes, then the Hon. Dr Arthur Chesterfield-Evans for 10 minutes and the Hon. Richard Jones for 10 minutes. The remaining 15 minutes will be taken up by free-for-all questions, with Government members asking questions if they wish. Those times will be replicated for Tourism. As the lower House is sitting, if you are required for a division the Committee will adjourn until you return. If you are paired and do not have to attend, you will cease talking while the bells are ringing. Are you prepared to take additional questions on notice at the end of the hearing?

Ms NORI: Yes, I understand that is what normally happens.

CHAIR: I declare the proposed expenditure open for examination.

The Hon. RICK COLLESS: Minister, how do you calculate the total burden on small business of State taxes and charges?

Mr RALHAN: Perhaps I could answer that. The total burden on small business is based on revenues received by the Treasury, divided by the number of small businesses. It is like a per-capita revenue, tax revenue derived from small business.

The Hon. RICK COLLESS: So do you take into account the burden on individual small businesses?

Mr HARRIS: If I could answer that, the work that we do in relation to small business requires generally no formal calculation of what you describe as the burdens on small business. These obviously vary because they relate both to State and Federal issues. The work that we do with small business is entirely related to trying to assist individual companies to improve the way they undertake their activities, to improve their business performance and to involve them in activities that may well assist them to gain greater levels of business for their firms.

The Hon. RICK COLLESS: Can you give us an idea of how many small businesses pay payroll tax?

Mr HARRIS: That would be an issue for Treasury.

The Hon. RICK COLLESS: Perhaps the Minister for Small Business should have some idea of those figures also.

Ms NORI: Mr Colless, it is clearly a question for Treasury. I am happy to get Michael Egan to answer that question for you.

CHAIR: Perhaps I could help. When I looked at your estimates today, I did not see that there was a line item for small business or a line item for tourism as a budget that you hold as Minister. It is, therefore, very difficult to ask you questions about your portfolio areas if they are all owned by Treasury.

Ms NORI: They are not all owned by Treasury, but in relation to being able to provide the Committee with the detail it seems to require, I would like to make sure that the Committee has the most accurate and up-to-date information possible and, quite clearly, that comes from Treasury.

CHAIR: Would you be able to take that question on notice?

Ms NORI: I am happy to take it on notice, but, clearly, I would have to refer it to Treasury.

CHAIR: I am surprised that you do not know the answer to that question.

The Hon. JOHN JOHNSON: Fair go!

CHAIR: That is a most interesting and important area for the Minister for Small Business.

The Hon. JOHN JOHNSON: How many pigs were born in New South Wales last year?

The Hon. RICHARD JONES: 348,312.

CHAIRMAN: Millions.

The Hon. RICK COLLESS: Minister, do you dispute the Chamber of Commerce figures, which show that some small and medium-size businesses are paying up to 200 per cent more in payroll tax than they were paying five years ago?

Ms NORI: I am not familiar with the statistics you refer to. I am happy to take that on notice.

The Hon. RICK COLLESS: Just to give you some idea, a firm with a payroll tax of \$500,000 in 1995—

The Hon. JOHN JOHNSON: Point of order. You know and I know that these are questions for Treasury. Treasury is meeting in our Chamber now. I suggest that the Hon. Rick Colless gives his questions relating to money matters to the Hon. John Jobling, who is in the other room now.

The Hon. RICK COLLESS: To the point of order, Mr Chairman, it strikes me that these are very much small business dealings and I would have expected that the Minister for Small Business would have had a handle on some of these issues.

The Hon. JOHN JOHNSON: She does not have to. It is a matter for Treasury.

CHAIR: Minister, you have no knowledge of these figures?

Ms NORI: I am not familiar with the literature to which the honourable member refers and until I am and I have it in my hands to understand the methodology of their survey and how they have defined small business, and whether that is in keeping with the more general definitions of small business, I am not able to comment on those figures.

The Hon. RICK COLLESS: I will move on to talk about employment in small business, Minister. Why is growth in employment in assisted firms down markedly from 18 per cent in 1998-99 to 8 per cent in 2001-02?

Ms NORI: My director-general will answer that.

Mr HARRIS: We have certainly taken a great deal of notice of the figures. The figure represents really a decline in employment growth nationwide in terms of small businesses over that period. The interesting thing is that, as far as companies with which we deal are concerned, we are still maintaining a significant growth rate above the national average. Whatever statistics you use indicate that the growth of employment in small firms nationally runs at about 1.15 per cent in the last year. Firms with which we have worked are continuing to display a growth rate of about four times that amount. Those figures would probably also hold true for the Federal Government programs that are run through the Department of Industry, Science and Resources, but certainly the high-growth

programs that we run in New South Wales have achieved significant results. In the previous year, when the figure was 12 per cent, the national growth rate we think was somewhere around 4.3 per cent, so the growth rate has been significantly above the national.

Ms NORI: In fact, another statistic that bears out what Mr Harris has said is that in the last five years small business accounted for 75 per cent of all new jobs in the State, whereas nationally it was only 45 per cent.

The Hon. RICK COLLESS: Thank you. I refer to Budget Paper No. 3, Volume 2, page 19-85, line item "Jobs secured". That figure has decreased from 4,576 in 1998-99 to 3,500 in 2001-02. What can you tell us about that decrease?

Mr HARRIS: That relates to regional projects. These are projects with which the department has worked in regional New South Wales. These are projects that are—

The Hon. RICK COLLESS: That first line item actually refers to metropolitan projects.

Mr HARRIS: I am sorry, I was referring to regional. If I can go back, the answer is much the same. We divide them into two areas, metropolitan and regional, obviously. The department in the last year worked with, I think, 175 in total projects that went to conversion. The example is really more to do with the lumpiness of the nature of the investment that occurs in these areas. It depends on what the project may be and the particular employment levels that are associated with any particular project. One of the things we have discovered in metropolitan projects in particular is that, with the increasing emphasis on call centres and on financial services, the investment dollar figure on projects we work with has declined because there is less capital investment. But overall, taken over, say, about a five or six-year period, the trend is generally upwards in numbers of jobs. The challenge relates largely to the dollar figure on capital investment.

The Hon. RICK COLLESS: How can you justify the huge decrease in the number of jobs when funding has actually increased from \$440 million in 2001 to \$600 million in 2002?

Mr HARRIS: That is not funding; that is the investment made by private companies in those particular projects. So for the projects referred to in line item 1, this is a measure of outcomes. In the particular two years you are referring to \$615 million in 1999-2000 was invested by companies in New South Wales and projects with which we worked. That investment resulted in 3,198 jobs—again, according to the company's figures, not ours. The next year the investment level by companies was \$440 million. It does not in any way reflect the amount of money injected into these programs by the Government. It is a performance measure. It is a measure of outcome.

The Hon. RICK COLLESS: So that is private money going in?

Mr HARRIS: Yes.

The Hon. RICK COLLESS: The budget figure for 2000-01 was \$440 million. Do you have any idea of what the actual investment was as we draw close to the end of the financial year?

Mr HARRIS: That is an estimate made at the end of May. I know that we have had another project that has come up in the last little while. I would think that the figure would be about \$500 million. It is a guess. It depends on when companies finalise. One of the things that has occurred, of course—and it depends who you ask—is that the slowdown in the United States IT business has meant that a great many of these projects have simply come to a halt.

CHAIR: This is for small and medium enterprises, is it not?

Mr HARRIS: No, these are often quite large companies.

CHAIR: At the top of that page under the heading Program Description, it states "Provision of business counselling and consultancy assistance to small and medium enterprises".

Mr HARRIS: Correct.

CHAIR: But that refers to all sorts of enterprise, big and small.

Mr HARRIS: It does. Those particular figures refer to companies with which we have collaborated.

CHAIR: So there might be other investments.

Mr HARRIS: Absolutely. These are projects which we have touched upon.

The Hon. RICK COLLESS: If we look then at the line item "Funding to assist investment projects", how does that differ? Is that actual State Government funding?

Mr HARRIS: Yes, it is. I might say, these are questions that perhaps would be better addressed to the Minister for State Development, but I am perfectly happy to answer them if the Minister is happy for me to continue.

Ms NORI: The last couple of questions are not matters that I administer. They come under Minister Egan.

CHAIR: What are you responsible for?

Ms NORI: State and Regional Development is a department. It has three Ministers—Michael Egan is the Minister for State Development, Harry Woods is the Minister for Regional Development and Sandra Nori is the Minister for Small Business and within that I have responsibility for trade and trade services and export programs. That is how the work is divided, but you are more than welcome to ask the Director-General questions that do not relate to my administration because it does relate to the administration of the department as a whole.

CHAIR: It is a good thing that Mr Harris is tall and wide, to divide three ways.

Ms NORI: The best director-general for State development in the country.

CHAIR: He may well be, but how does he respond to three voices?

Ms NORI: With no difficulty at all. We work very harmoniously.

CHAIR: Perhaps the Director-General would like to answer the question.

Ms NORI: My Director-General reminds me that in Victoria there are eight Ministers in a similar situation.

Mr HARRIS: The Department of State Development has eight Ministers in Victoria.

The Hon. RICK COLLESS: This is New South Wales. I will ask this question anyway, and I appreciate that you may not be able to answer it. What is behind the reduction from \$15 million in 1998-1999 to \$7 million in 2001-02?

Mr HARRIS: Two things. One is the style and size of projects. The other one is that we have taken quite a rigorous view on providing public money in support of private investment, and that is where most of this goes, obviously—on support for inbound investment. New South Wales has probably got a reputation for being the most parsimonious of the States in terms of our approach to supporting that sort of investment. At the same time, we have actually increased the level of successful investment by changing the support we provide to companies, increasingly assisting them in their business programs, helping them to solve problems that they have in establishing, and seeking to help them resolve red-tape issues. It is something that has worked very well, and, in fact, in the last year for major projects which came to conversion we believe that fewer than 50 per cent of those received any financial incentive from the Government. The rest of it was done really through assisting in developing the business case.

CHAIR: Is the \$15 million or the other figures along that line an actual cash grant or is it just forgiving somebody's payroll tax?

Mr HARRIS: New South Wales provides very few, if any, cash grants. Almost all of the incentive packages that are provided in New South Wales relate to payroll tax because that way you can establish a series of milestones and you also avoid some of the clawback complications that have occurred in other jurisdictions, notably in some of the States in the south-east of North America.

The Hon. RICK COLLESS: My final question relates to the decrease in the export growth from 21 per cent in 1998-99 to 18 per cent in 2001-02. What is behind that decrease?

Mr HARRIS: The absolute dollar figure has certainly increased. Again, the figure is a representation of the commercial outcomes of the firms we have dealt with. We have discovered, as the Australian Industry Group's study that was released earlier this week on regional manufacturing showed, that there is a great and growing increase in the interest of small and medium firms, particularly in manufacturing industry, to get into exports. We have found that over the last year a lot of those companies diverted their business activities to the Olympics. Some of them, to be honest, just closed up shop and went to the Olympics, so it is a reflection purely of what has happened in those commercial organisations. We are continuing to see a remarkable growth in the level of interest in exports, and I must say just as a practitioner that I find that extraordinarily heartening. I think it is a very important thing for Australia.

The Hon. RICK COLLESS: Have you got any projected guesstimates for next year or the year after as to how that is going to change?

Mr HARRIS: It is about as good as I could do, I guess, at the moment. It depends on the success we see coming out of our activities and often, of course, with a lot of those figures, the horizon is fairly long because quite often once a company moves into a new marketplace it may well take a year or two to secure projects that it believes are worthwhile measuring. Often you will get a sample order or you might ship one container of whatever the product may be, but you end up with quite a long time horizon.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: On what basis is an employer classified as small to medium size?

Mr HARRIS: Small to medium enterprises are generally enterprises with fewer than 100 employees.

Ms NORI: It varies a bit.

Mr HARRIS: The Australian Bureau of Statistics [ABS], I believe, classifies them as small to medium size if they have fewer than 100 employees.

Mr RALHAN: The ABS is 199.

Mr HARRIS: One hundred and ninety-nine under the ABS.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: One hundred and ninety-nine under the ABS?

Mr HARRIS: Correct.

Ms NORI: Can I just add in there that the definition of what is a small to medium-size enterprise is becoming an increasingly vexed issue, because increasingly in this high-tech age you have very small companies of maybe four or five employees, sometimes fewer than that, but very high turnover, so the definition is becoming a little bit trickier. If the point that you are trying to make, or if what you are getting at, Dr Chesterfield-Evans, is how do we tailor our programs and how do we know that we are helping a small business and not a large business, I guess what you are looking for is an organisation, a firm, that does not have within its own structure or within its own infrastructure the kinds of things that allow it to take the next step. In other words, when it comes to exports, there would be very few small businesses that have an in-house export manager or adviser, or an in-house export department, or an in-house marketing manager or marketing department. So it is the old cliché—you give them a fish or a fishing line. We prefer to give them a fishing line to try to help them achieve the kinds of things they would have achieved were they a large organisation and had that kind expertise in-house. Is that clear?

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Yes. So you would say that the definition is a departmental one in terms of their need rather than an ABS one?

Ms NORI: Obviously, we combine both, but I am trying to get to the spirit of it. We are trying to help those companies that we know could expand, could go into exports but possibly lack the initial impetus. We provide the encouragement—and do not underestimate encouragement as an important factor—provide them with the information, and, of course, we do have client managers who can also help them at a more detailed level. We have export advisers and so on throughout New South Wales, and we have other programs that they can participate in, like our export trade missions, market businesses and things like that. So it is very much a facilitation, and by and large it is not about giving handouts.

As the Director-General said, we give very few cash handouts. It is about providing support and advice, which from my feedback—and I am out there quite frequently—the companies do support. I can dig up the actual statistics if you like, but each year we survey our client base, a satisfaction survey, and each year we get very, very good reports from our client base, who find the support and assistance of the department is excellent. By and large, we find that the performance of those companies outstrips an equivalent company in an equivalent field. Now, it is hard to know exactly how much of that is due to the fact that they have self-selected, that they have put their hand up. Does that tell us something about them, that maybe they are goers, they have made the phone call to the department? I suspect that is a factor, but it is also very gratifying to see that those companies that do participate in our program think it is worthwhile for them. They think very highly of the department and its officers, and the figures tend to show that they perform better.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: I will not ask you about payroll tax for small and medium business enterprises.

Ms NORI: I am happy to tell you how it has been reduced over the years. I am quite happy to tell you all that, but you can refer it to the Treasurer.

CHAIR: Did the Minister say that payroll tax was reduced?

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: The rate has reduced; the threshold has not. How many small and medium-size enterprises were liable for payroll tax in each of the last five budget years?

Ms NORI: I am more than happy to refer that question to the Treasurer.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Stamp duties are collected from private companies at twice the rate of private companies, that is to say, 60 cents in \$100 as opposed to 30 cents in \$100.

The Hon. JOHN JOHNSON: Stamp duty on what?

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: On share transactions. How much stamp duty was collected from private share transfers from small to medium-size businesses last year?

Ms NORI: I will have to refer that to the Treasurer for accurate advice. The Office of State Revenue is the holder of the keys of knowledge.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Again on small and medium-size businesses, what specific new business funding measures were there in the 2001-02 budget?

Mr RALHAN: In the coming financial year we are looking at a number of new program initiatives targeted at specific segments of the small business area. One of them is looking at assisting small innovative firms in the film industry to become better businesses. Anecdotal evidence available shows that they tend to go through a boom-bust cycle. There are times when they have a lot of work to do, and some of them do a lot of export work as well, and there are other times when they just do not have any business. The focus of the program would be to assist these firms to develop their business practices so that they have work throughout the year, they can employ people, can provide certainty and develop skills in house, and all that goes with it.

Another area that we are looking at is enabling firms to get more out of their information technology investments that they have made in the last few years. For various reasons people have been buying software, putting on maybe accounting for their payroll. It is helping them to do that bit extra—for example, in middle management or customer relationship management, getting the pieces of software to work together in a bid to get their productivity higher. Productivity really should lead to better business, growth in sales and growth in employment. Apart from this, we are looking at taking a cash management or financial management workshop across the State. This takes the small business owner through an understanding of the cash flow pattern of the business and an understanding of the reasons for the patterns they have and what sort of strategies they can adopt to get out of their cash crisis, which tends to be related quite highly, according to a recent survey of small businesses.

Ms NORI: May I also add that we are going to look at another one that I am greatly interested in. Earlier this year we started a pilot program in conjunction with Penrith council about home-based businesses because increasingly a lot of people are taking that option for a whole range of reasons. We hope to have that pilot completed in about September this year. We will be looking at that pilot to see if it provides a model to perhaps roll out across the State, perhaps not in one go, perhaps in stages, depending on the outcome of that pilot. The

Home-Based Business program, while it is quite different to the Women in Business Mentoring program, in a sense has an overlap in that so many women, for example, are owner-operators operating from home, so it has evolved from that. The department's programs are not static. We are constantly trying to make sure that we are on top of the trends and changes in industry and are meeting those needs.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: These are not funding measures. I did ask about business funding measures. There are no new funding measures. These are programs that you are offering?

Ms NORI: They are funded programs, and the home-based business one is at this stage only a pilot.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: You are not giving funds to the business; you are funding programs for the business?

Ms NORI: Correct.

The Hon. RICHARD JONES: Minister, I live on the far north coast, although would you not believe so, the amount of time I spend in Sydney. We have quite a thriving organic grains industry up there which provides for local people, and a local person had a concept to form an organic food market. What is your department doing concerning the thriving organic business and particularly exports to the United Kingdom, for example, because the United Kingdom has a growth rate of something like 50 per cent a year and is importing 70 per cent of its organic foods?

Ms NORI: I have been reminded that I launched the Go Organic web site, which should please you. The business is run by a very enterprising young man and his family, and they access all sorts of organic foods. You order it on the web and they deliver it. Any organisation, company, co-operative network or individual who has a product that they believe is exportable and who is interested in becoming an exporter should see their local export adviser. Where on the north coast is it?

The Hon. RICHARD JONES: Let us say Lismore.

Mr HARRIS: The nearest is Coffs Harbour.

Ms NORI: They should ring the Department of State and Regional Development and get some information, and, if they are ready to go, there is no reason that they cannot join us on a trade mission or receive assistance for a market visit. We do not throw money at organisations and firms if we do not believe they are up to it. Exporting is not for all comers; it is not for the faint hearted. We would assess their capacity for success.

The Hon. RICHARD JONES: Do you go out and seek the winners in these new growth areas or do you let people come to you to be assessed? Do you promote certain segments of the growing and manufacturing food market.

Ms NORI: It is a mixture. We have officers of the department scattered throughout New South Wales. We have an extensive BEC [business enterprise centre] network and we expect our officers and BECs to make contact with local businesses, draw our attention to them and make it clear to the local business community, wherever they are in regional New South Wales, that there is a department and it is there to help.

The Hon. RICHARD JONES: What are the key growth areas?

Mr HARRIS: Could I ask, is it geographic?

The Hon. RICHARD JONES: I am particularly interested in the north coast, but generally rural regions rather than city regions.

Mr HARRIS: We found in agriculture that it is a niche product. It has been quite interesting. It has ranged from everything from flowers to a company that is actually exporting bird seed at the moment. That is really quite a remarkable story, and I can come back to that. We have employed 10 agribusiness advisers who are located around the State. The thing that differentiates the agribusiness advisers from the normal services provided through the Department of Agriculture is that we are less concerned with what I describe as agriculture extension services; we are more concerned with this side of the farm gate. To answer the question you raised before, we tend to look for any new opportunities.

The reason we employ these officers on a contract basis is because of their particular expertise, in this case in different aspects of agribusiness market development. We have a chap who is an expert, for example, in aquaculture. We have people who have done work with meat production from small animals. So we are actually exploring most of the time for new opportunities. What that does, of course, is as one finds a degree of success, increasingly companies learn about it, and individuals who are wishing to expand tend to find their way to the door of the organisation. So I suppose it results in a twofold approach. First, yes, we are constantly seeking new opportunities and trying to provide advice to those who may well be able to get into that market and, second, we are dealing with those individuals and companies who find their way to us.

The Hon. RICHARD JONES: How are the business incubators going? Are they working?

Mr HARRIS: I could not comment on individual incubators.

CHAIR: There is a big incubator in Armidale, is there not?

Mr HARRIS: I think there is a technology incubator in Armidale. I suppose, almost by definition, their performance is going to be patchy. A number of those individuals and organisations that take up the opportunity offered by incubators are statistically going to fail. That is really just part of the game, but certainly a number of them have worked and worked reasonably well. It varies from location to location. It is very hard to give a clear and singular answer to say, yes, incubators are working well.

CHAIR: Do you fund any of them?

Mr HARRIS: No, we do not. We provide advice, obviously, to some companies that work through incubators. We have taken a lot of interest in the Federal Government's incubator programs that have largely resulted, I suppose, from visits to Israel and the extraordinary success that has been produced by high-technology incubators in Israel.

The Hon. RICHARD JONES: Are these small companies in rural areas still having difficulty getting venture capital or is it getting better for them?

Mr HARRIS: It is getting better. I believe one of the things that has assisted this, and I cannot avoid the opportunity to say this, has been the establishment of what we call the regional business and investment tour. I think we have undertaken five or six of these now.

CHAIR: I hope they did not cost more than \$10,400.

Mr HARRIS: I am not sure. We have approached venture capital companies, we have approached trading companies, we have approached banks. Those companies provide us with some of their staff and their time. We have been able to take those to regional centres in New South Wales where local companies are given the opportunity to present their case to seek venture capital. On the estimates from the companies that we have at the moment we have seen probably in excess of \$20 million worth of capital injected into a number of these companies around the State.

The Hon. RICHARD JONES: Is that in the last 12 months?

Mr HARRIS: No, probably in the last 2½ years.

The Hon. RICHARD JONES: So it is actually increasing, is it?

Mr HARRIS: Yes, it is. I was going to say one of the things that the program has done is that it has not just introduced venture capitalists and potential sources of business growth to companies in the regions but it has also, as a spin-off, helped individual companies. With a number of those firms it is not a matter of capacity or ability; a number of them simply do not have the exposure routinely to those sorts of companies. We have been able to introduce training programs for the firms. So if a firm is selected to make a pitch, so to speak, to one of these visiting regional investment tours, the company is actually put through a training program, where it learns to put together a pitch for venture capitalists. Quite often people get very close to their own businesses; they have a business plan that is 1½ inches thick and they are grimly determined to tell you everything in it in the 10 minutes that the venture capitalist wants to hear the basic pitch. So it has actually been very successful. We have improved the skill level in those companies as well and, to be honest, that is probably seen now as one of the most valuable things to come out of it.

The Hon. RICHARD JONES: What is the greatest cause of failure of small business in rural and regional areas? Is it lack of capital, a lack of marketing or bad management?

Mr HARRIS: I think all of the above occasionally. It is really difficult to say. I certainly could not say what was the single most important cause of failure in small businesses.

The Hon. RICHARD JONES: How do you actually address failure?

Ms NORI: I obviously agree with the Director-General that it is hard to specify, but I think it is generally accepted that the most vulnerable period is the start-up period. There may be myriad reasons why an established business may fail. To address it we have the BEC network and we assist to provide the start-ups, because that is the critical thing. We do not ask for a penny. They are not asked to do this for the sake of doing it. One of the roles of the BECs is to perform the reality check. We expect them to be able to say to someone, "I am sorry, but this is not a good idea," or "You are undercapitalized," or "You have not got the skills or there is no market. It is a great idea but not here." That is how we try to help at that very critical start-up stage.

The Hon. RICHARD JONES: Are these BECs now one-stop shops where they can get approval for everything in the one place?

Ms NORI: No, they are basically an advisory service.

CHAIR: Minister, whilst you have flicked questions on payroll tax to the Treasurer, would it not be reasonable to say that people in small and medium enterprises talk to you about payroll tax as you go around on your multiple tours?

Ms NORI: Yes, the issue of payroll tax is raised with me, but not as often as the GST.

CHAIR: I am very pleased you mentioned that because the issue of, I suppose, comparative survivability along the border between New South Wales and Queensland relates to a number of factors, of which GST is not one. It relates to business input taxes, particularly payroll tax, the cost of workers compensation, and the cost of electricity. Have you advised the Treasurer about this disincentive to employment and to starting up businesses in these border areas?

Ms NORI: I discuss my portfolio, all issues in my portfolio, regularly with the Treasurer.

CHAIR: Have you raised the issue of payroll tax, in these border areas in particular, with the Treasurer?

Ms NORI: Yes. In the question that you seem to be trying to ask me you are trying to establish a comparison between New South Wales and Queensland.

CHAIR: No, I am stating that there is a difference and that is a disincentive to employment across the two borders, and I am asking you have you raised this matter with the Treasurer.

Ms NORI: I have many discussions with the Treasurer in which I raise all sorts of issues that are brought to me and to my attention as Minister for Small Business.

CHAIR: This is the third time I have asked that particular question and each time you have said, "Yes, I have raised it with the Treasurer." You seem to be singularly unsuccessful in raising this particular matter and getting any action from the Treasurer in the interests of State and regional development.

Ms NORI: If that is your position, you are entitled to your view.

CHAIR: I am just wondering from a regional development point of view.

Ms NORI: No comment, Mr Chairman.

CHAIR: Is that your bag, to look at regional development as well as small business in the city?

Ms NORI: Small businesses are clearly located in all sorts of unusual geographic locations and so I am responsible for them no matter where they are located, yes, in a portfolio sense.

CHAIR: Then, do you have any plans, or does the Government have any plans, to look at shaving payroll tax as petrol taxes are shaved?

Ms NORI: You know, as well as I do, Mr Chairman, that this would be a matter for the budget committee and the Treasurer. I suggest you raise it with him.

CHAIR: So you do not.

The Hon. RICK COLLESS: Minister, trying to follow where your expenditure items were in the budget papers was rather difficult. Can you give us an idea why there is no separate budget for your department? In other words, why it is under the Department of State and Regional Development?

Mr HARRIS: I suppose the answer is that there are greater efficiencies in running all of the business-related items in the one budget. There are specific items that relate to small business, but a great many of the other programs that are run by the department also touch on issues of small business, often issues of large businesses, regional businesses, and businesses based in the city. BECs are a very good example where there is obviously a large regional impact but also a significant impact in the metropolitan area. It is purely a matter of efficiency, and I believe that there is no particular virtue that is gained in dividing a lot of these up into smaller bunches of money.

CHAIR: I suppose one of the things that falls from that is you are in small business and you have to go searching around government to find out where to put your finger on the pulse.

Ms NORI: You just look up the web site or get onto the small business info line. It is very simple.

CHAIR: So your department has a finger on all of the inputs that impact on small business and you feed that advice to government? You know where the inputs are, the costs for small business are?

Ms NORI: I misunderstood your question. I thought you were referring to a client small business firm trying to seek support from the department. I simply pointed out that there is a special small business info line and a web site.

CHAIR: No. A small business has to answer all sorts of questions from all sorts of departments—not just from the tax department federally but from various government departments— forever asking for information. Surely that could come from one source rather than multiple sources.

Ms NORI: I do not understand your question. I am telling you that if a small business needs to locate the department, clearly there is a departmental phone number but there is also a small business info line and there is also a specific small business web site.

CHAIR: The point I am trying to get through is that small business is asked for information from a vast array of government departments, and I am wondering if that could be simplified so that small business does not spend half its life filling out forms in relation to government. In other words, could government be a one-stop shop if it wants information?

Ms NORI: Like the Bell report for the Federal Government three years ago?

CHAIR: Perhaps like that.

Ms NORI: The Minister who would be responsible for this more than any other would be the Minister for Fair Trading because business registrations and so on are within his portfolio. It is a question you should ask him. We have no responsibility in an administrative or jurisdictional sense for the sorts of issues you are referring to: business licences and so. Small business has to answer questions and fill in forms for a number of different departments, but the one that is most relevant is the Department of Fair Trading. That is not administered by our department in New South Wales. In other States sometimes it is, but not in New South Wales.

The Hon. RICHARD JONES: The proverbial glass ceiling prevented many women advancing in companies and corporations. As a result, I understand many have set up their own businesses. Could you tell me what proportion of new businesses have been set up by women, how they are succeeding and whether their success rate is greater than businesses set up by men?

Ms NORI: Yes, it is obviously a growing trend. A woman in business is more likely to succeed than a male. She is more likely to have a business plan. Something like 50 per cent of all small businesses are owned or operated by women and, as I stated earlier, a large proportion of women are owner-operators operating from home. Throughout the successful Women in Business Mentoring program, we are finding that participation in the program is likely to lead to them becoming an employing business for the first time. Some of them have gone on to be exporters and so on. Very often women business operators come through the department via the Women in Business Mentoring program and then go on to access our other programs. You are quite right, the reason very often given for a woman starting up her own business is that she is sick of the glass ceiling. Also, it is a way of combining partnership and family responsibilities. I might add that all the research shows that no matter how successful she is, no matter how high her turnover, she still does the nappies and the cleaning.

The Hon. RICK COLLESS: I hope my days of nappies are long gone.

Ms NORI: It is a good idea to wash them and change them, not wear them.

The Hon. RICK COLLESS: I can assure you that those days are also long gone. Can you tell the Committee why there has been a cut in the budget of \$4.6 million this financial year for the Department of State and Regional Development compared to the budget for 2001? I refer to page 19-1 of Budget Paper No. 3, Volume 2, about two-thirds of the way down the page.

Mr HARRIS: It is, as you would imagine, made up of a number of factors. I think the important point to make quite early in the piece is that it is not a reflection on the client funding for the department's core business budget programs. There was an advance for the Grahame Park development that was provided through the budget of the Department of State and Regional Development as an administrative measure when the Grahame Park project was put in place. That was delivered over a period of time. That was \$12 million. There has been an increase in funding for the Illawarra Advantage Fund. There has been an increase in the Newcastle Centre for Excellence and Energy Research and an increase in expenses relating to assistance to industry. The variation is really a result of a multiplicity of numbers that have simply varied in terms of deliverables through the budget. It is not any particular issue where there has been a decline in funding.

The Hon. RICK COLLESS: So what is the net impact on small business?

Mr HARRIS: The net impact on small business is probably a marginal improvement over recent years in that we have been able to provide additional funding for the programs that Mr Ralhan was talking about earlier.

The Hon. RICHARD JONES: Minister, I understand something like 50 per cent of small builders in this State are unable to operate at the moment through the HIH collapse. Are you involved with the Minister for Fair Trading in trying to get these businesses up and running again?

Ms NORI: I am not involved in any technical sense, and we are not running a program specifically. It is very much a matter for the Minister for Fair Trading to sort out those HIH issues. However, any small business that has been affected because of the HIH, not just builders necessarily, would be welcome to seek advice and support from the department. But I would have to say to you that, even at my most recent small business stakeholders meeting about two weeks ago, I pointed out to people representing a number of industry organisations that I had yet to receive one piece of correspondence on the matter from the small business.

CHAIR: Minister, whatever happened to that ship?

Ms NORI: That relates to the Tourism portfolio.

The Hon. RON DYER: Mr Harris, you mentioned earlier in the proceedings that you are responsible for three Ministers. You might recall that in ancient Rome there was a triumvirate comprising Caesar, Pompey and Croesus, which eventually was subject to severe strain and Caesar ended up as Emperor. I am wondering whether you experience any nervousness as the Ides of March approach?

Mr HARRIS: I have absolutely no desire whatsoever to be emperor.

[Short adjournment]

CHAIR: We will now deal with Tourism.

The Hon. RICK COLLESS: Minister, I would like to talk about regional tourism plans. I refer to Budget Paper No. 3, Volume 2, page 16-8. How much of the line item "Operating expenses" can be attributed to the activity of the regional tourism plans?

Ms NORI: I have actually got the figure somewhere. Are you asking me what level of economic activity does tourism generate in regions?

The Hon. RICK COLLESS: No, I am asking how much of those operating expenses can be attributed to the activity of the regional tourism plan?

Ms NORI: I am sorry, I misunderstood your question.

Mr THIRLWELL: In terms of the regional tourism organisations across the State, there is an expenditure of \$1.83 million funded for the past financial year. Of that, \$473,110 was in regional development, which is mostly into regional planning components. There is also \$641,500 for regional marketing, \$600,000 for regional administration and management and a range of other figures—about \$93,000—which covers a range of programs that are across marketing, development and management programs.

The Hon. RICK COLLESS: Are funds under that line item then paid directly to the regional tourism boards to assist in the implementation of those plans at a local level?

Mr THIRLWELL: Yes, they are. They are against a plan that is put forward by what we call regional tourism organisations, which are incorporated bodies in each of the regions. They put forward a plan for us, which we fund in those categories of administration, development or marketing. Those plans for the next financial year are being worked up into three-year plans. They have traditionally been an annual plan, but we are now entering three-year agreements with those, subject to their performance, with an annual review to give them surety of funding over a three-year period, so each region of New South Wales can move ahead with development plans and marketing plans for its region.

The Hon. RICK COLLESS: So the Big Sky Country, in the north-west, is the sort of organisation you are talking about?

Mr THIRLWELL: That is correct.

CHAIR: On page 16-5 there is a line item "Operating expenses—Employee related" \$12 million; and "Other operating expenses" \$36 million. Could you give us some idea of what is included in "Other"?

Mr THIRLWELL: Basically, it is everything we do except for salaries. It is the entire budget of the organisation, and that is the way it has been categorised.

CHAIR: Wine, women and song.

Mr THIRLWELL: It is the entire marketing programs, international marketing programs, domestic marketing programs, development programs.

CHAIR: So it is not wine, women and song?

Mr THIRLWELL: No.

Ms NORI: That is a little unfair, Chairman.

CHAIR: Can you give us an example?

Ms NORI: Chairman, I am just going to correct that. If it was said in jest, I accept it.

CHAIR: It is said in jest. I was just wondering if you had a concrete example. I know some of it is entertainment, but what would make up that sort of program?

Mr THIRLWELL: That program, as I said, is made up by everything the organisation does. That means our international marketing programs in Europe, North America, Japan, Asia, New Zealand; our Touring By Car programs around the State; our Short Breaks programs; our Sydney promotions; and our regional tourism funding,

which we talked about a moment ago. Basically everything that is not a salary item to a salaried employee of Tourism New South Wales goes under that item of "Other operating expenses".

CHAIR: So these are the other things you need to do to develop a program and then promote it?

Mr THIRLWELL: It is our main program. It just happens to be called "Other operating expenses" in the Treasury classification. For us, it is the main reason we exist. It is what we do.

CHAIR: Last year you spent over and above what you budgeted for by a little over \$3 million.

Mr THIRLWELL: Yes.

CHAIR: Do you have to pay that back?

Mr THIRLWELL: No, because it was money we raised from the private sector. It was mainly income we received from the industry, because our budget is not entirely government funded. We have industry contributions, and most of that increase was the result of getting more contributions from the industry because they saw that it was in their interests to support our programs.

CHAIR: I refer you down the page to the line item "Grants and contributions". Is that where that money comes from?

Mr THIRLWELL: No, "Grants and contributions" is a different item, and for this year is a little unusual. An amount of \$1.7 million is from the transfer of some land at Brooklyn, which we had custody of.

CHAIR: This is the \$6.9 million figure?

Mr THIRLWELL: The \$6.9 million figure, yes, "Grants and contributions". Most of that would be co-operative income.

Ms NORI: Private sector.

Mr THIRLWELL: Private sector.

CHAIR: I notice that you had retained earnings of \$3 million more last year and you then spent it, because that is what you raised it for, I presume?

Mr THIRLWELL: Yes.

CHAIR: It was raised against programs from the private sector. Is that the explanation?

Mr THIRLWELL: It is private sector funding and some local government funding to support our programs, and this year we are saying conservatively that we do not expect to get as much from the private sector as we did last year. Therefore, that item has been reduced a little for this year.

CHAIR: But if you do, you have any number of ways of increasing the figure of \$36 million to perhaps \$40 million again?

Mr THIRLWELL: Yes, we can, and we will be working hard to do so.

The Hon. RICK COLLESS: I want to return to the regional tourism plans again, which I am interested in. Which regional tourism plans were supported this financial year, and what was their financial value?

Mr THIRLWELL: There is a regional tourism plan with each region, which covers the whole operation of the region, from the administration of the region to the marketing programs that they do with us and other agencies, and there are specifically some programs to do a development plan. If it is a regional tourism plan as a whole, the administration of that is generally supported right across the board equitably except for four regions—being Big Sky Country, Explorer Country, Outback and Riverina—which get an extra subsidy in recognition of the distances involved in those regions. They get a bit more funding for that reason. Most of the marketing components are dependent on the marketing programs they come forward with, to what extent they get support from their local governments and their private sectors, and we are working through a program at the moment of specific

development programs to look at how they might be going. There is one currently under way in Big Sky at this moment—it has not been completed but it is under consultation with the councils and the private sector. There is another one in the Snowy, and I think one on the North Coast that are still being worked on at this time but are yet to be completed.

The Hon. RICK COLLESS: Are the four that were identified for 2000-01 the four that you have just referred to?

Mr THIRLWELL: I am just a bit confused about the plan, because there is an overall plan that covers marketing and development. The last ones I mentioned were specifically development plans, looking at the supply side of the equation—in other words, what infrastructure is required, what attractions are required and things like that.

The Hon. RICK COLLESS: Can you recall which four were identified in the budget under 2000-01? Can you recall?

Mr THIRLWELL: Well, as I said, Big Sky, Snowy, and I think North Coast. I am trying to think of the other one, but I will have to come back to you on that one.

The Hon. RICK COLLESS: I see that next year only two of those plans will be supported. Do you know which two they will be?

Mr THIRLWELL: I cannot recall at the moment. I will have to take that on notice and get back to you. But, basically, I will just make the comment that over three years we are trying to cover all the regions. The idea was to roll it over a three-year program so that every region had not only a marketing plan but also a development plan to work with.

The Hon. RICK COLLESS: And that figure has dropped steadily over the last five years or so, or the four budget years, as shown in the papers.

Mr THIRLWELL: Will you remind me which page you are on?

The Hon. RICK COLLESS: Page 16-8, line item "Regional and Tourism Plans supported".

Mr THIRLWELL: Yes, it has. What we did some three years ago was to support the implementation of a specific regional plan for each region. The idea was that over a three-year period we would finish every region, and that is what is basically coming to fruition now. We did most of them in 1998-99 and we have very few of those left. We have now converted that program to a different program where we are looking at splitting a regional plan into specific annual marketing plans and development plans which will be looking at the development side of that equation. We did a lot of work earlier on and we phased that program out, and we are phasing in another program for the next year.

CHAIR: In Budget Paper No. 3, Volume 2, page 16-5, line item "Grants and subsidies", nothing was allocated in the budget for 2000-01 yet a little over \$2 million was spent. This year you have allocated \$500,000. Is this the sort of program you are talking about?

Mr THIRLWELL: No, it is a separate program. The reason there was no funding was that we were advised of a change of accounting treatment. One was that we had some land at Brooklyn for which we were custodians for possible development. That land is not being developed and we have taken the view that it is not appropriate for us to continue to be custodian of it. So the land has been transferred to the Department of Land and Water Conservation. The Auditor-General advised us that we should do that in the way of a grant of \$1.7 million and show it in the accounts as a grant to the Department of Land and Water Conservation.

The Hon. RICK COLLESS: That land would have shown up on your capital register?

Mr THIRLWELL: It would have been on the assets, and the assets have been reduced accordingly. The advice was that the transfer should be treated as a grant. So that is a one-off grant that will not occur again. The other component is that we have been working with gateway visitor information centres in Tweed Heads, Tenterfield, Eden, Wollongong, Lithgow and Gosford. Previously that had been treated as a capital item and, again, we were advised that it should be treated as a grant, so the \$1.7 million plus \$350,000 becomes the \$2.05 million for the current year. For next year the \$500,000 still remaining is the remaining component of the visitors centre

expenditure, which again will be treated as a grant, mostly to local government rather than a capital item as in the previous year.

The Hon. RICK COLLESS: On that same page, how was the total retained revenue of \$9.985 million dissipated, or what has happened to that money for this financial year?

Mr THIRLWELL: It is basically expended. It is the funding that we expend, and we will roll over a little bit of money this financial year, probably less than 1 per cent of the budget, but most of the funds will be expended on our programs.

The Hon. RICK COLLESS: What marketing activities are being undertaken off the back of the Olympics in 2001-2002?

Ms NORI: I will just give the highlights, if you like. We have rolled out a Feel Free campaign into Asia, television advertisements in Singapore, billboards and print in Hong Kong. It is a \$3 million campaign over four years. That is our showpiece into the Asian market, being the closest one. Tourism New South Wales has in fact changed its whole theme. We have gone from Experience It to Feel Free. That is what the research showed. We have launched a number of domestic campaigns. I can run through some of them. Straight after the Olympics we went to the Sydney summer campaign—that was Melbourne and Brisbane. We have done a number of Touring By Car routes, which is our main regional tourism promotion.

We launched the Kosciuszko Alpine Way campaign in February; we did a second run of the successful South Coast Touring By Car campaign in February; we have done the Feel Free Sydney campaign into Melbourne and Brisbane, and that was television and print; we are running the second Pacific Coast Touring By Car campaign; we have launched the multi-cultural campaign; and we have done the Waterfall Way Touring By Car short breaks promotion print campaign. We have customised international web sites in New Zealand, United States of America, United Kingdom, China, Singapore, Hong Kong and Japan by June, so I presume it is on its way, and obviously more is to come. They are the major ones that we have run. Mr Thirlwell could probably tell you about some other campaigns that we are running in different markets internationally.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: What is the specific funding for the Sydney Convention and Visitors Bureau this year and up to 2005?

Mr THIRLWELL: The funding for the Sydney Convention and Visitors Bureau will be \$2.3 million dollars for the bureau itself for promotion of conferences and meetings in Sydney, plus \$150,000 we provide for funding the New South Wales Convention and Visitors Bureau, which they also run on our behalf to promote conferencing in regional New South Wales.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Will that increase over the next five years?

Mr THIRLWELL: At this stage it is a figure that is there for this year. The forward estimates will be a similar figure, depending on our total budget allocation and performance. Certainly, we analyse performance and look at it closely to see that they are delivering the meetings, conventions and incentives, particularly of Sydney but, increasingly, of regional New South Wales as well.

CHAIR: It used to be higher than that, did it not?

Mr THIRLWELL: It has been that figure for several years. About two to three years ago we added in the regional component, where we provide additional funding to start up and run a New South Wales convention bureau.

CHAIR: Can you go to a web site and find a list of places where you can hold a conference for 70 and 80 in Orange, for example?

Ms NORI: No. The program was initially launched about two years ago, so my memory is a little hazy. The New South Wales convention section of the Sydney Convention and Visitors Bureau [SCVB] carried out an audit, which provided a calendar of events in regional New South Wales. It also assisted with business leads. When the SCVB puts Sydney on sale, it is an expo directed at that industry. In other words, for any product—hotels, you name it—interested in pitching for convention business, we put on an exhibition at Darling Harbour. This year for the first time the regional component of that was branded separately with its own section, and if I may say so, very nicely done and very well participated in by regional New South Wales. It was very pleasing to see the turnout.

Representatives from Broken Hill were there. I do not think there was a spot in New South Wales that would not have had the capacity to earn some dollars out of that kind of business. I think they were all there. It was very pleasing to see, it was very professionally done, and it stood out. That is the one big sale, the big exhibition held annually in which New South Wales and Sydney puts itself on show and sells its product to potential organisers of conferences and so on.

The Hon. JOHN JOHNSON: You might remind members, Minister, that the largest political party meeting in a south coast country town was held recently by Country Labor.

CHAIR: The Hon. John Johnson will remember the place; it was held at Huskisson. The Liberal Party had its last meeting there as well.

The Hon. JOHN JOHNSON: Yes, but that was held in a telephone booth.

Ms NORI: I should remind the Hon. John Johnson that when it comes to regional New South Wales and tourism dollars and the economic benefits of tourism, I do not care who is doing it as long as they are coughing up their money and spending it in a local town. Regional New South Wales is starting to understand that there are some lucrative opportunities. It is horses for courses. There are some quite small outfits; this business is not just about your 5,000, 10,000 or 15,000 strong conferences. There are many opportunities for product launches for business, corporate weekends, and things like that. It is not an area that is exclusive to Sydney and it is clearly not just for the larger establishments.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Are there other conventions and business bureaus outside Sydney that are also funded?

Ms NORI: Just about. Each State has its own. Is that correct?

Mr THIRLWELL: In other States there are, but not in New South Wales.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: So there is only that one in Sydney?

Mr THIRLWELL: Some of the visitors centres have a convention component—I know Wollongong and Coffs Harbour do—which they run as an extension of their visitor information centres, and they will do some promotion.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: But they are done at a council level, not through you?

Mr THIRLWELL: Yes, funded by council, but they are members of the New South Wales Convention Bureau, and they work co-operatively together to generate leads and see where they can get some business.

Ms NORI: The Illawarra one I am more familiar with than the Coffs Harbour one, and it does deserve to be congratulated on its efforts. It is quite innovative. It is getting the Lions clubs and Rotary conventions. The yield is not as high as the medical conventions in Sydney, where the delegates spend \$500 to \$700 a day. We are not talking about that part.

CHAIR: It saved many of the hotels going belly-up when they had the first big conference in Darling Harbour in 1988.

Ms NORI: Nevertheless, it does bring a lot of people to town, and the economy would feel it if they ceased to be able to successfully pitch for that kind business.

CHAIR: If there is a conference, say, in Huskisson for the ALP, would there be more follow-up visits?

Ms NORI: By whom?

CHAIR: By the same people who attended the conference. They might go there for business.

Ms NORI: There is some evidence, and I would not put it in the realm of being ironclad and scientific, that suggests that people who have visited a venue for the purposes of a conference are more likely to go back because it has whetted their appetite. There is some spin-off.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: With these initiatives do you measure the results in terms of how you are spending, and is that data confidential? For example, with the one in Sydney can you see how much increase there is in regional tourism?

Ms NORI: The SCVB has some capacity to find out if the delegates to a conference are going to do some pre- and post-touring, but once people arrive in the country you cannot put a chain around them. It gets a bit fuzzy because unless you are actually surveying them, you cannot tell unless they have ticked off, "I want to do some pre- and post-touring."

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Not pre- and post-touring, but if you do a program—

Ms NORI: Sorry, I apologise. I thought you were asking whether we follow up to see if any of them actually get to the regions. Some clearly do. We can track some of that, but not totally successfully because you cannot put a chain around someone.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: I am not suggesting that you stick some sort of radioactive tag on people as they wander around your exhibit and get them later to see where they went, or that you make efforts to survey them. But you must have other ways of saying, "We did a promotion of Coffs Harbour with X dollars, and within six months tourism in Coffs Harbour increased".

Ms NORI: You are not referring to conference delegates?

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: I am referring to the economic impact of what you are doing.

Ms NORI: But salary arising out of having a conference or do you mean generally our programs to market?

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: I mean generally your programs.

Ms NORI: I am sorry, you made it sound like it was connected to the convention business.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Connected to the convention bureau, the office.

Mr THIRLWELL: On page 16-10 of Budget Paper No. 3, Volume 2 there are some performance indicators for convention bidding specifically, which looks at international events, delegates and delegate days. That is for the convention category. For measuring our programs generally we do specific research—Touring By Car, for example. We do a sample of people who have responded to an ad and received the pack to go down the South Coast or up the North Coast or up to Explorers Way, which runs up through Mudgee to Dubbo and back through the Hunter, and we are doing new routes this year. We look at how many of those people actually travelled. We find that we get very good conversion. Of the order of about 35 per cent of people have actually responded and actually take the trip. We survey that, and we continue to do that with very good results. So that is one example.

The general result is that we participate with the Commonwealth in an organisation called the Bureau of Tourism Research, based in Canberra. That bureau runs two major surveys each year. One, called the international visitors survey—a survey of international visitors, obviously—is a sampling of international visitors coming to Australia from all markets. It asks them, "Where did you go? What did you do? What did you spend? What did you like? What did not you like?" and that is provided to all States and Territories. There is a similar one called the national visitors survey, which is done for domestic travel, which, of course, is the bulk of the business. More than 75 per cent of tourism is still Australians travelling around Australia rather than the international component, even though international travel is growing faster. So those two surveys are also used to give us a guide on how we are performing in terms of visitors, visitor nights, holiday visitors, day trips—a range of statistics that could be available depending on what we need to use them for.

The Hon. RICHARD JONES: What success is Tourism New South Wales having in promoting farm stay in far west New South Wales? I understand there is quite a market from Victoria, and I think Adelaide as well.

Ms NORI: We do not market. We do not own a thing called Farm Stay, so we cannot promote it.

The Hon. RICHARD JONES: No, the concept of farm stay: people staying on farms, on properties in the outback—basically like bed and breakfast on farms. I wondered how much you were promoting that. I know you were interested in it. We had a meeting about that some time ago, you may recall.

The Hon. JOHN JOHNSON: There was something on *Landline* about it recently.

Mr THIRLWELL: Obviously for regions where that is an important part of their business, like the Riverina, the Explorer Country, and Big Sky Country, it is important that they do that, and they do that as part of their general marketing of their regions. We also work with the Farm and Country Tourism Association to assist it in developing its programs. We have assisted: not in the last year but in recent years we have done brochures and directories. We also work with some of the organisations that promote those farm stay products overseas. One operator in particular, Neville Low, who runs a program just out of Albury, has programs where he promotes the product to Germany, Japan and the United States, and we have assisted with funding for that program from time to time.

The Hon. RICHARD JONES: Do they come to stay on a farm or to see the wildlife?

Mr THIRLWELL: The main reason a lot of our international visitors come is to interact with our people. People lose sight of the fact that Australia's biggest attraction for tourists around the world is Australians. It is the friendliness of our people, whom they want to interact with. That is why they like bed and breakfasts, they like farm stays. They can actually meet the owner, run round with the kids, and meet the family. That is something that is of great appeal, particularly for the North Americans and the Europeans.

The Hon. RICHARD JONES: I spoke to a person recently who did a survey in far west New South Wales about the availability of farm stay. Apparently the infrastructure is not very good and the property owners do not really know how to bring their infrastructure up to world quality. I was wondering what you were advising them on how they can bring their properties up to the point where they can actually house German, American, Japanese and French tourists.

Mr THIRLWELL: We do work with them, and the Department of State and Regional Development also assists with some of their centres in terms of running a general small business—because they are basically small businesses, and there are some general principles in conducting small businesses, so they are quite active in that range. Our officers also look at that and give advice. But you are quite right, it is variable. There are some wonderful products out there and there are some that are not so wonderful. We try to encourage people to look at the wonderful products and aspire to that standard. Generally it is getting better, but we continue to work at it and we will continue to provide advice and assistance to those who want to move into that sector.

The Hon. RICHARD JONES: International tourist operators have to get a package together and provide a place for their tourists. Apparently they cannot do that now because of lack of facilities.

Ms NORI: I am aware of two regional centres in New South Wales that are thinking of putting together a five-star product. I do not think it is quite there yet, but I think it is a little better than talk. If you are asking me whether that is something that we need, the answer in my view is yes. But what comes first, the chicken or the egg? What we need are some courageous and committed entrepreneurs who know what they are doing, who put the funds together and develop the market. In my view the rest will flow. But I am excited about the two venues that I have been told about—and it is very informal—because it will help create a loop throughout the western part of New South Wales and hopefully others will come along and create an even better loop of possibilities for a self-drive situation.

The Hon. RICHARD JONES: How fast has the international tourism market grown in New South Wales?

Ms NORI: How long is a piece of string? The forecast is about 8 per cent per year for the next eight or 10 years. There is no doubt that the Olympics gave Sydney and New South Wales a reality that it never had before. When people think Australia they think Sydney, and when they think Sydney they think Australia, so we are lucky that it is of benefit to our State. It is a reality that we did not have before. I think people will increasingly put a visit to down under on their wish list, and that will take them essentially through Sydney, with a chance of funneling them through the regions. Everyone probably wants to visit certain places before they go to their grave. Tourism and travel come in at about four or five in the new economy.

We are a travelling generation, and as we go more and more global and as we surf the net—the whole way we think—our children perhaps more than those of us in this room will not feel any particular tie to their native

country. I think travel will become one of the world's great pastimes and activities. Even if we had not had the Olympics it would have grown, but I think the Olympics has really helped us. There is plenty of anecdotal evidence to that effect. We are still getting a lot of press internationally, particularly in Germany and North America. We are the flavour of the month, and that will come through as people make their holiday arrangements a year or two ahead.

The Hon. RICHARD JONES: Can we get them out to far west New South Wales to enjoy the benefits of Big Sky Country?

Ms NORI: Nothing would please me more and, yes, we are trying. The way the market works, it is difficult at the moment, because of the tourism boom, to get beds in Alice Springs. So what are some enterprising people doing? They are snaffling them to Broken Hill as an alternative experience. I think we are heading in that direction with the Feel Free banner, because the Feel Free banner is on two levels—feel personally free to do what you like, we are a tolerant city, but it is also about feeling free to have the kind of holiday you want in this State.

The great thing about New South Wales, and I say this with the greatest of respect to the rest of Australia and our sister States, is that you really can have it all here because we do have an outback. We have some interesting mining towns, great indigenous product, Mutawintji and Mungo. For example, if you want to take yourself down the river on a lazy afternoon, you have the Murray. You can tour by car. You have wonderful beaches on the north and south coasts, lots of wine and food experiences if that is what you like, and you even got a Barrier Reef experience on Lord Howe Island. It is a State where you can do it all.

The Hon. RICK COLLESS: That is drawing a long bow.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: The snorkeling is very good.

Ms NORI: That is my story and I am sticking to it, and if it stops the tourists going to Queensland, that is good. That is how we are going to be able to position New south Wales because the reality also is that the international market, the United States particular, think we are somewhere south of Antarctica.

The Hon. RICHARD JONES: That is a good thing, actually.

Ms NORI: You would be the only person in the world who would think that. They spend a lot of money. We want them here. It creates jobs.

CHAIR: Tell the Premier.

Ms NORI: I am saying that there are some barriers to getting international visitors here because of that perception. I think the Olympics did a lot to overcome that, and we have very healthy tourism industry in this State.

The Hon. RICHARD JONES: Are you doing anything to encourage the Government to seal the Silver City Highway?

Ms NORI: I often make representations on behalf of the tourism industry to various Ministers. I cannot recall if I have made representations on that. However, if it is something that you think I should do, may I suggest that you send me some appropriate correspondence and I will do so.

The Hon. RICHARD JONES: That would help tourism in far western New South Wales.

Mr THIRLWELL: You should be aware that we are doing a domestic promotion as part of our Touring By Car promotion later this year called the Darling River Run. The roads are not sealed; it will be four-wheel-drive vehicles only, but we think it will be very appealing. There are a lot of four-wheel-drive vehicles around Sydney that do not actually get dirty very often, so we thought we might get them a bit dirty. This will go from Bourke right down to Wentworth. It will be a great seven-day trip that we think will be very well received in the marketplace when we launch it.

Ms NORI: That is off the record and not for publication at this stage.

CHAIR: Not for publication by this Committee.

The Hon. RICK COLLESS: Minister, given the claims about how financially secure New South Wales is at present, do you find it frustrating that your budget for tourism has not been increased for the next year?

Ms NORI: No.

The Hon. RICK COLLESS: Considering the 2001 budget estimated that equity reserves would be \$600,000, why does the 2000-01 revised budget show that there were no equity reserves? I am referring to page 16-7 of Budget Paper No. 3, Volume 2, down the bottom, line item "Equity—Reserves", \$600,000; revised budget nothing and this year nothing.

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

CHAIR: Why is the line item "Net cash flows from investing activities" in the revised 2000-01 budget only \$189,000 when it was estimated to be \$878,000 in the 2000-01 budget? I refer to page 16-6 of Budget Paper No. 3, Volume 2.

Mr THIRLWELL: That one I can answer. That relates to the purchase of property, plant and equipment. It decreased from \$878,000—do you just want the decrease?

CHAIR: You are budgeted to spend \$878,000. You actually did spend \$189,000, and this year you are going to spend \$1.5 million.

Mr THIRLWELL: It is actually a decrease, from \$878,000 to \$189,000.

CHAIR: I presume that is a cash flow, which means you are actually spending it. You planned to spend \$878,000; you actually did spend only \$189,000, so you underspent; next year you plan to spend \$1.5 million. Is that usual?

Mr THIRLWELL: No.

CHAIR: So you can spend the next amount and it looks as if it is bigger?

Mr THIRLWELL: No. It relates again to that capital issue. It is a transfer of the capital funding in relation to the gateway visitor information centres to recurrent spending.

CHAIR: So it is counted twice?

Mr THIRLWELL: No.

CHAIR: You said it was only \$350,000 for the gateways.

Mr THIRLWELL: Not of that component. That is the answer I have got here at the moment. I will have to tidy it up and get the rest of the answer to you.

CHAIR: You might take that on notice.

Mr THIRLWELL: Yes. I can make the increase \$1.5 million while we are there, though. That is the deal with Tourism New South Wales, stage five of what we call the Visitor Multiagent Network IT Shared Services program, which we are doing with the Royal Botanic Gardens and Centennial Park Trust. It is also some funding for an Australian tourism data warehouse and for a local image library, so it is mainly IT work that was given to us in the capital budget. I will get back to you on the other answer.

The Hon. RICK COLLESS: Minister, can you tell us how many equivalent full-time staff are employed at Tourism New South Wales?

Mr THIRLWELL: I am just getting it exactly for you—175.

The Hon. RICK COLLESS: Were any extra staff hired in the 2001 financial year, the current financial year?

Mr THIRLWELL: Yes, there were.

The Hon. RICK COLLESS: Can you tell me how many?

Mr THIRLWELL: Again, I will have to get advice on that number. There were certainly some engaged on a temporary basis to help us out with the Olympic Games activity, who are no longer with us. There were quite a number for that purpose, but I will get the exact number of people added during that year.

The Hon. RICHARD JONES: What is Tourism New South Wales doing to promote bed and breakfast tourism, which has a low environmental and social impact on a bunch of local communities?

Mr THIRLWELL: It is similar to the farm stay sector. We work with the Bed and Breakfast Council of New South Wales to help it produce a brochure on bed and breakfast properties and help them distribute that brochure. We are actively supporting their conference this year, which I am speaking at, on 12 September in Wagga Wagga.

The Hon. RICHARD JONES: Do you know whether it has been promoted overseas as well as locally?

Mr THIRLWELL: It is predominantly domestic, but our offices overseas are aware of and carry the brochure, and those visitors who are interested in it can get information from our offices; and, of course, increasingly on our web sites around the world there is information on the bed and breakfast product, I know of a bed and breakfast product run by a well-known rugby player of the past, John Thornett, in Cowra, who only a month or so ago told me he got three bookings in one week from our Internet site for his bed and breakfast in Cowra.

Ms NORI: Which one did he get it from?

Mr THIRLWELL: From Visit New South Wales.

Ms NORI: Which language?

Mr THIRLWELL: The English language, the US.

The Hon. RICHARD JONES: Do you know how many hits a week that web site gets?

Mr THIRLWELL: Not a week. I think it is of the order of about 50,000 to 60,000 a month.

The Hon. RICHARD JONES: That is quite a lot, is it not? How many would be from overseas?

Mr THIRLWELL: I would have to get that break-up for you. It is changing quite a bit as we develop our web sites and our portals overseas. It is interesting to note that sometimes it is not what you always expect. We have a Chinese-language web site based in Hong Kong. I have not got the latest figures but I know that earlier this year I was told that about a third of the hits on that web site were from the United States.

The Hon. RICHARD JONES: That many?

Mr THIRLWELL: It is Chinese language, but obviously people who have the Chinese language pick it up. They were United States citizens picking it up on a Hong Kong Chinese site. So you are not quite sure. The worldwide web is truly worldwide, so it is difficult to pick up where it is.

The Hon. RICHARD JONES: I always go on the worldwide web to check out the countries I will be visiting. All the information is there. It is obviously the way to go.

Ms NORI: Would you jot that number down? Sometimes I check the web site late at night. The other way that we encourage regional stays in bed and breakfast accommodation, by implication, is with our Touring By Car programs. By definition, by and large, the sorts of people we target in Touring By Car are people in their late forties or above—the empty-nester types. Those are the types that will actively seek out a bed and breakfast establishment for themselves. I see as we get the Touring By Car route criss-crossing the whole of the State—we are nearly there now—that that will also be of benefit to the bed and breakfast sector.

The Hon. RICK COLLESS: Just on the web sites again, have you facilitated links with local government bodies where they have their own web sites promoting local tourist destinations and so on? Are they linked to Tourism New South Wales or Visit New South Wales?

Mr THIRLWELL: No, they are not. They can feed product into the Visit New South Wales web site, and we encourage visitor centres to do that, and they do update product. Increasingly we are getting more of them to recruit their local product and put it on line through our web site. We are working closely, in a very interesting and co-operative way, with the Commonwealth and all States and Territories to launch an Australian tourism data warehouse, which will be launched in about September and will house all Australian tourism product irrespective of State boundaries. You will be able to search for fishing or surfing or gardening with no relevance to a State boundary, because we think that international visitors are looking at Australia, and they will be able to get that on the back of the Australian Tourist Commission's web site, *australia.com*. That is a co-operative. So all the product of New South Wales will feed into our New South Wales site, and that will feed into a national site and then go to the world.

CHAIR: Minister, I am glad you mentioned fishing. During the Olympics I had a lot of complaints from the North Coast that people were concentrating on Sydney for the Olympics, and not much happened on the North Coast after that. Then we had the floods, and there has been a ban on fishing for quite a long time. Could you look at some sort of tourism recovery promotion for the North Coast, particularly following the Richmond River floods, and the floods around Bellingen and the Tweed?

Ms NORI: It would not be a month ago that I launched the Waterfall Way campaign, which was another aspect of Touring By Car. It is not a full round trip from Urunga through to Armidale. I do not particularly want this in the press, but I am about to launch also another Touring By Car campaign for New England. When we launch a campaign we like to get publicity and make sure that the launch coincides with the print run and so on. That is important for our marketing.

CHAIR: What has that got to do with the North Coast fishery and its tourism?

Ms NORI: I was talking about what we are doing in the northern area of New South Wales, and I am talking in general terms because I have actually detected a genuine interest by members of the Committee. We are having almost a chat-style hearing.

CHAIR: I asked a specific question which related to an economic problem.

Ms NORI: We have also done the second run of Pacific Coast Touring By Car, which is again the major way in which we deliver tourist visitation from interstate and also for the Sydney market into the North Coast. You made the comment that during the Olympics most of the focus was directed at Sydney. I hardly think that was surprising.

CHAIR: No, but there was not much follow-up after that. The people were expecting to see some sort of tourism flow from the Olympics out to the countryside. It did not happen. Then they had the floods and they have really had bad tourism for the last six months.

Ms NORI: I do not think anyone has suggested that the minute the Olympic Games were over there were going to be millions of people traipsing off to regional New South Wales in the short term. In a previous answer I talked about there being a lead-in time for this to happen, and I expect that sooner rather than later regional New South Wales will feel the benefit of additional tourism visitation. That has come out of the Olympics.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: You talk about touring by car. Are there any links with trains, to get people to go by train to their destinations?

Ms NORI: It is called Touring By Car, Dr Evans. "Car" means "car".

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: You have not mentioned buses or trains in anything you have said tonight. I just thought there was a gap there.

Mr THIRLWELL: We do a lot of work with Countrylink. Countrylink works co-operatively with us in a range of programs. We co-operatively work with it to promote various parts of its network across New South Wales. In particular we have been very successful in Broken Hill, where we do a joint program—train one way and fly back. That is being promoted by New South Wales Holidays, and it is going quite well in terms of a three to four-day trip to Broken Hill incorporating, as I said, a train one way and returning by air. So it is not all by car, but 84 per cent of tourism in New South Wales is by car, so we do tend to focus on that opportunity.

Ms NORI: I thought the honourable member was asking us whether it was within the specific Touring By Car program.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: What is happening with Old Sydney Town? Can you tell us about the situation with regard to the disposal of that poor piece of land?

Ms NORI: It has been disposed of.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Does it not exist any more?

Ms NORI: Of course it exists. It is still open. In fact, from memory—I would have to check it—the employment numbers have actually gone up.

Mr THIRLWELL: Yes, they have.

Ms NORI: There are a lot of people employed there now.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: You were telling me it was about to do wonders, even though it did not look like it last time, so I am delighted to hear it is doing well. Perhaps you could give me the numbers on that. It is smaller in area, I gather, because it was turned into a golf course or something ghastly.

The Hon. JANELLE SAFFIN: Something ghastly!

Ms NORI: It has been disposed of. I am not familiar with its current configuration.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: How is the boat?

The Hon. JANELLE SAFFIN: Where did the boat go?

Ms NORI: It has been disposed of.

Mr THIRLWELL: The boat is still there.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Are you no longer responsible for the boat, Minister?

Ms NORI: That is the point I am trying to make, Dr Evans.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: You do not know whether it is floating or not?

CHAIR: From memory, there was a grant to repair the boat for tourism purposes from Tourism New South Wales but the boat sank before it could be refurbished. That was the issue, was it not?

Ms NORI: No, that is not as I recall it at all. This all happened before my time as Minister. We are doing modern history tonight, are we not, not ancient history?

CHAIR: The boat was referred to in the first estimates committee that you attended.

Ms NORI: Yes, you are quite right, but there was no mention of the grant. This is a little embellishment of yours, Dr Pezzutti.

CHAIR: Would you be prepared to take some questions on notice if we deliver them to you by Friday 29 June, and could you have them back to us by 27 July?

Ms NORI: That sounds reasonable to us, Mr Chairman.

Mr THIRLWELL: Mr Chairman, could you just allow me to answer two questions now?

CHAIR: Certainly.

Mr THIRLWELL: In terms of the increase in numbers, there were eight extra staff employed over the last year, over 1999-2000. They were for the Olympics, New South Wales holidays. We had representatives on the road

in Brisbane, Melbourne, Perth and Sydney to sell New South Wales product and some web development enhancement. In terms of the question on reserves, which I think the Chairman asked, the reserve represented the asset revaluation reserve removed as a consequence of the transfer of the land at Brooklyn to the Department of Land and Water Conservation.

The Committee proceeded to deliberate.