

GENERAL PURPOSE STANDING COMMITTEE No. 1

Wednesday 21 September 2005

Examination of proposed expenditure for the portfolio areas

FINANCE, INFRASTRUCTURE, HUNTER

The Committee met at 8.00 p.m.

MEMBERS

Reverend the Hon. Dr G. K. M. Moyes (Chair)

The Hon. E. M. Obeid
The Hon. R. M. Parker
The Hon. G. S. Pearce

Ms L. Rhiannon
The Hon. C. M. Robertson
The Hon. H. S. Tsang

PRESENT

The Hon. M Costa, *Minister for Finance Infrastructure and Hunter*

NSW Treasury

Mr J. Pierce, *Secretary*

Office of State Revenue

Mr P. Achterstraat, *Executive Director*

CHAIR: I declare this meeting open to the public. I welcome you to this public hearing of General Purpose Standing Committee No. 1. First I want to thank The Hon. Michael Costa MLC and departmental officers for attending this evening. This meeting of the Committee will examine the proposed portfolio areas of Finance, Infrastructure and the Hunter. Before questions commence some procedural matters need to be dealt with.

I point out that in accordance with the Legislative Council's 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 photos. Because of the events occurring in the previous estimates meeting, I will just repeat that people in the public gallery should not be the primary focus of any filming or photos. In reporting the proceedings of this Committee you must take responsibility for what you publish or what interpretation is placed on anything that is said before the Committee.

There is no provision for members around the table to refer directly to their own staff while at the table. Members and their staff are advised that any messages should be delivered to the chamber support officer or the duty or Committee clerk. That does not apply to Ministers or to their staff.

We will, Minister, be allocating questions around in blocks of 20 minutes. I declare the proposed expenditure open for examination. Minister, do you wish to make a brief opening statement?

The Hon. MICHAEL COSTA: Just to thank you for the opportunity.

CHAIR: I will ask the Government do you want to open questions?

The Hon. CHRISTINE ROBERTSON: Not at this time, thank you, Mr Chair.

CHAIR: I will move to Lee Rhiannon.

Ms LEE RHIANNON: Perhaps we will start with the Hunter, Minister. What issues do you address at your office in the Hunter?

The Hon. MICHAEL COSTA: I thought this was only for Infrastructure and Finance. Are we doing the Hunter as well?

CHAIR: It was advertised as that, Minister.

The Hon. MICHAEL COSTA: That is fine. I have an office on Wharf Road on Level 4. From memory the address is one hundred and--

Ms LEE RHIANNON: 251?

The Hon. MICHAEL COSTA: 251.

Ms LEE RHIANNON: So you are sharing your office with the Premier's Department?

The Hon. MICHAEL COSTA: It is located, as it has been for a number of years, within the office of the Premier's Department. The Premier's Department provides support to our regional Ministers, both the Hunter one, the Illawarra and the other ones.

Ms LEE RHIANNON: Is Hardie Holdings also on the same floor?

The Hon. MICHAEL COSTA: I would not know who else is on the floor and it really is irrelevant--

The Hon. GREG PEARCE: You do not own the building, do you?

The Hon. MICHAEL COSTA: It is not my building.

The Hon. GREG PEARCE: Have you been to the office?

Ms LEE RHIANNON: Yes, have you been to the office?

The Hon. MICHAEL COSTA: I go to the office on a regular basis and I do not intend to comment on what else is on the floor.

Ms LEE RHIANNON: So you do not know how many metres it is from your door to the door of HEZ Pty Limited, Hardie Holdings?

The Hon. MICHAEL COSTA: Look, I have not got out a tape measure--

Ms LEE RHIANNON: You do not step down there now and then?

The Hon. MICHAEL COSTA: --and measured the proximity between my office and my neighbour's office.

Ms LEE RHIANNON: You are not popping in for a chat about development in--

The Hon. MICHAEL COSTA: I would ask the Chair that these questions seem to be quite trivial.

CHAIR: They seem to be verging upon the point of irrelevancy to the budget estimates. I will just remind Ms Rhiannon of that.

Ms LEE RHIANNON: Have you met with representatives of Hardie Holdings and Rose Corp, two of the companies that are involved in development proposals?

The Hon. MICHAEL COSTA: I have met with many companies in the Hunter that are involved in development proposals. That is my job. I certainly have met with Duncan Hardie, who I understand is a principal of Hardie Holdings, but I have met with other people who have economic interest in the Hunter. It is my responsibility.

Ms LEE RHIANNON: Have Hardie Holdings or any representatives of that company had meetings with you about land they want included in the Lower Hunter Regional Strategy?

The Hon. MICHAEL COSTA: Is that question in order? I thought I had answered it.

CHAIR: Yes.

The Hon. MICHAEL COSTA: I have met with many people that would like to see just land and economic development in the Hunter, including the company that has been mentioned. I do not think that I need to comment any further on that.

Ms LEE RHIANNON: I was asking specifically about the Lower Hunter Regional Strategy. Have you met with them--

The Hon. MICHAEL COSTA: I have met with many developers, economic investors and Government departments--

The Hon. GREG PEARCE: You are picking bones a bit here, aren't you?

The Hon. MICHAEL COSTA: --and others in relation to the--

Ms LEE RHIANNON: I am just sticking with Hardie Holdings. What assistance have you given to this developer?

The Hon. MICHAEL COSTA: I give all sorts of assistance to all sorts of people who want to invest and that is my role as the Hunter Minister.

Ms LEE RHIANNON: And with regard to this company, what assistance have you given them? Maybe if you cannot remember, one of your staff could.

The Hon. MICHAEL COSTA: No, I have answered the question.

Ms LEE RHIANNON: Are you aware that Hardie Holdings has donated over \$124,000 to the New South Wales division of the ALP since 2001-2002?

The Hon. MICHAEL COSTA: No, I am not aware of that. That might be the case but certainly I do not--

Ms LEE RHIANNON: So you have not met them at a fund raiser where you have shared a beer with them and a steak?

The Hon. MICHAEL COSTA: I do not drink, so that is inappropriate and I only eat--

The Hon. EDDIE OBEID: You are a vegetarian.

The Hon. MICHAEL COSTA: I tend to try and eat edible native animals when I get a chance.

Ms LEE RHIANNON: Do you remember a meeting with the Lower Hunter Strategy team where you made remarks along the lines that the world would be better off without planners? Would you like to elaborate on that comment?

The Hon. MICHAEL COSTA: That is inaccurate.

Ms LEE RHIANNON: Could you tell us what you said?

The Hon. MICHAEL COSTA: This is wholly irrelevant to the--

Ms LEE RHIANNON: So you did not say anything to the effect "Let the market do its job"?

The Hon. MICHAEL COSTA: I am a very strong supporter of the market in general and I think the Government should have a minimal role in intervening in market activity and that--

Ms LEE RHIANNON: Does that include planners?

The Hon. MICHAEL COSTA: Can I finish the answer? If you ask me the question, do give me the courtesy of letting me answer it. I think the Government should minimise its role. It has a role in terms of dealing with externalities where those externalities can be established and it has a role in dealing with base social policy, but beyond that, I am certainly one, and you would know this because I have often pointed out that you support the opposite model, which is very much based on the North Korean experience--

Ms LEE RHIANNON: Excuse me, Mr Chair, that is plain insulting. There is no basis for it at all. It is a complete lie and there is no basis that he should use his position to insult members of the Committee.

The Hon. EDDIE OBEID: Why shouldn't he say it? It is not insulting at all.

CHAIR: I think Mr Costa was answering the question and he used an aside on that matter. I just ask you, Mr Costa, to keep to the question.

The Hon. MICHAEL COSTA: Mr Chair, I am not prepared to answer any further on this line of questioning. I have indicated that I meet with people that are interested in economic development in the Hunter as part of my responsibilities as the Hunter Minister. That will be my explanation to this. If there is a specific question that the member has, she should ask it, rather than making all sorts of general assertions about my particular views based on inaccurate and false

information.

Ms LEE RHIANNON: This question is a very good one that I am sure you will be pleased to answer about development in the Hunter. Do you agree that by minimising spoil and using infill in development, your existing public transport modes and town centres will need less investment in new road and rail and be less of a drain on Government funding and developer levies?

The Hon. MICHAEL COSTA: I do not even know what that means. It is such a general comment, I just do not know what it means.

Ms LEE RHIANNON: It is quite clear what it means. It means if you concentrate your development around areas where we already have services - again, maybe you might like to ask your staff. I am sure they have experience in these different models of taking development forward.

The Hon. MICHAEL COSTA: The member is just speculating about planning issues. The world is more complex than I think she is making out. Certainly, if she wants me as a personal opinion to give a view on how I see development happening, I could do that, but I do not think we have enough time in the two hours that is allocated to give her a basic lesson in economics and social policy, but let me say that the comment she makes is interesting.

The Hon. HENRY TSANG: Would you refer this question to Planning?

The Hon. MICHAEL COSTA: No, I do not think it needs referral. It is a statement of what she thinks is the way development works.

The Hon. GREG PEARCE: Perhaps he should consider whether he should resign.

Ms LEE RHIANNON: Do you support recommendations made by conservationists that any development should take place in areas already economically degraded and along existing railway corridors rather than in Greenfield sites that would require clearing of ecologically valuable bushland?

The Hon. MICHAEL COSTA: I cannot understand what you are saying, so I cannot make comments. Maybe if you named who the conservationists were I could examine their views in detail and make some comments about it, but I do not want to speculate about--

Ms LEE RHIANNON: You are the Minister for the Hunter. Do you acknowledge that there are areas in the Hunter that are ecologically sensitive? Let's step through it if you are having trouble.

The Hon. MICHAEL COSTA: There certainly are. There are a number of national parks in the Hunter and I think they fit in your category of ecologically sensitive.

Ms LEE RHIANNON: Do you acknowledge that there are areas that are not in national parks that are ecologically sensitive?

The Hon. MICHAEL COSTA: I think there may well be. There are processes of government to assess those and deal with them in the appropriate process. If you want to name who your conservationists are, I am happy to have a conversation with them, but why do I need you to mediate it, unless the person is dead and this is a seance session.

Ms LEE RHIANNON: Come on, Minister. That doesn't give you much credit.

The Hon. MICHAEL COSTA: This is a complete waste of time.

Ms LEE RHIANNON: It is not a complete waste of time. It is very relevant to current issues of development in the Hunter.

The Hon. MICHAEL COSTA: This is ridiculous.

Ms LEE RHIANNON: Do you agree that decisions about which land is selected for

development should be based on community needs and sustainability considerations and not on the basis of who owns the land?

The Hon. MICHAEL COSTA: I do not know what that means. We have proper planning frameworks to deal with competing land use.

Ms LEE RHIANNON: In the estimates hearing that was just held, the Minister for Planning did indicate that he was sympathetic with the need to concentrate development around areas where services are already concentrated and to avoid areas of ecological significance. Do you agree with this position?

The Hon. MICHAEL COSTA: I agree that he may well have said that, if you tell me he said that, but I was not here, so I do not know what he said.

The Hon. EDDIE OBEID: She was not even there.

Ms LEE RHIANNON: Do you support the following broad principles for regional development in the Lower Hunter: development to take place along established transport corridors; no major new land clearing to make way for Greenfields development; retention of a Newcastle rail link. Do you see those as critical to how development goes forward in the Hunter?

The Hon. MICHAEL COSTA: Those are matters for people to work through when they do the Lower Hunter strategy and I am not going to speculate on those. There are established principles that Government has as to how we deal with competing land use, they are embodied in legislation and there are processes to deal with that. There are processes also to appeal decisions that are made. I could spend all night going through the whole planning and regulative framework in relation to land use, but I do not think that is going to help in terms of the core principle, which was to look at our estimates.

Ms LEE RHIANNON: Considering there might be a boost in population of 100,000 or huge numbers, what is your attitude to the Newcastle rail link? Do you think that it now needs to be retained or do you think it would be better for it to be removed and other transport provided?

The Hon. MICHAEL COSTA: I do not need to add to what I have said about this in the past.

Ms LEE RHIANNON: Would you like to repeat your position on that?

The Hon. MICHAEL COSTA: No.

CHAIR: Minister, relating to the new Ministry of Finance announced on 30 August, could you please explain the budget and cost structure of this new department and what it will achieve with the funds allocated to it? How many people do you employ in that new Ministry?

The Hon. MICHAEL COSTA: I do not know what you are referring to, but I do not think any funds have been allocated to it in this year's budget. It was a Ministry that occurred as a result of the recent changes in portfolios. To answer your question, it will be supported by the Treasury through its existing resources. In terms of the Infrastructure component, again, it will be supported through Treasury with existing resources. There may well be some additional staff required where projects arise or particular activities, but I do not expect it to be a ministry that requires great resource.

CHAIR: Will the Department of Finance be taking over any functions currently being undertaken by other departments?

The Hon. MICHAEL COSTA: Certainly in terms of Infrastructure, and I take it you are referring to the whole area, in terms of Infrastructure some of the functions that are currently being performed by DIPNR I would see coming into the ambit of the new Infrastructure Ministry. In terms of its role, and I think that is what you are getting at, I am happy to make the comment that essentially we see the Infrastructure Ministry as a co-ordinating agency, its focus being very much on, if you look at the budget papers, the activity that goes into Budget Paper No. 4, which is the Infrastructure

statement, would be the primary responsibility of the new Infrastructure component of my Ministry. It would then have a role to co-ordinate with Treasury in relation to the financing, if any, of these projects and to ensure that the capital spent on Infrastructure makes sense within the broader Government strategy in relation to Infrastructure.

CHAIR: Will the abolition of the vendor tax and possible abolition of poker machine tax remove the surplus of the New South Wales Government by the end of 2005-2006?

The Hon. MICHAEL COSTA: Sorry, I just wanted to add to the last answer. I have just been advised that what I have said to you does not impact on the already existing Infrastructure unit within Treasury. That still will remain and continue its activities. In terms of your question, was it about the vendor--

CHAIR: Yes. With the abolition of the vendor tax and the possible abolition of poker machine tax, what is this going to do to the surplus for the budget by the end of 2005?

The Hon. MICHAEL COSTA: That is probably best answered by the Treasury Secretary, but let me just make the point that one should not speculate on any tax measures going forward and really they should be directed to the Treasurer. As he explained to you yesterday, the Treasurer takes prime responsibility for tax policy and it does not fit within the ambit of my activities, but I am sure the Treasury Secretary can give you an analysis of what you are seeking.

Mr PIERCE: I think we covered this to some extent last night. The expectation is that the abolition of vendor duty would have a net impact on revenues this year of something in the order of \$180 million and the difference between that number and the estimate that is in the budget papers is a reflection of, on the one hand, the fact that the tax was not abolished until after the financial year had started and the allowance we made for the impact of vendor duty on our other transaction tax purchases. So the abolition of vendor duty will cause our purchase duty to be revised by a small amount.

CHAIR: The budget papers explained that the department is responsible for aligning infrastructure, planning and investment in future growth areas. Can the department briefly explain your rail industry strategy for the north west?

The Hon. MICHAEL COSTA: What are you referring to because the budget papers - this was created--

CHAIR: Section 10 page 5 actually.

The Hon. MICHAEL COSTA: Because the Ministry was created after these budget papers. So I do not know what you are referring to.

Mr PIERCE: That would be DIPNR. The section which you refer to relates to the Department of Infrastructure Planning and Resources, DIPNR. With the change of Ministries, in basic terms DIPNR has been split between Infrastructure, which is being administered as part of Treasury supporting the Minister for Infrastructure and the Minister for Finance, the Department of Planning and the Department of Natural Resources. The basic split, at least in relation to Infrastructure and Planning, is that Planning does what planning people always do, but also includes putting an eco strategy together, and the Infrastructure part relates to essentially as soon as you move from identifying that in the future X number of people are going to be living here and working there and we will have to move them from place X to Y, once we get into specifying specific projects and specific times, that comes within the Infrastructure portfolio. That is the sort of work that--

The Hon. MICHAEL COSTA: So broadly speaking, I will be responsible in this Ministry for broad infrastructure after it has gone through a broader planning process. In other words, Planning would deal with things like broad demographic issues and would deal with broad service requirements. We would have a specific role in terms of what type of infrastructure would support that and the funding of it.

CHAIR: Minister, can I perhaps focus this a bit better. Has the Government increased its

expenditure on total infrastructure over the last year?

The Hon. MICHAEL COSTA: Yes, and I can give you those figures if you hang on a minute. It is in Budget Paper No. 4. Do you want to know the amount?

CHAIR: I just wanted to know if it was an increase in total infrastructure and what is that increase.

The Hon. GREG PEARCE: It is a pretty basic question. You should have this on the tip of your tongue.

The Hon. MICHAEL COSTA: Well, if you ever get a chance, you can have it on the tip of your tongue.

The Hon. GREG PEARCE: I would. I would.

The Hon. MICHAEL COSTA: I will refer to the documentation, because the documentation is what is being asked.

The Hon. GREG PEARCE: Have you looked at it before?

The Hon. MICHAEL COSTA: In terms of the capital expenditure, if you look at Budget Paper No. 4, page 5, the details you are seeking are included there.

CHAIR: Opposition members?

The Hon. GREG PEARCE: Can I just continue on clarifying exactly what we can ask you and what you are responsible for. There was nothing in the budget for the Minister for Economic Reform at all. So that is fine. I did a search today of the New South Wales Government directory on the New South Wales Government web site and under Finance portfolio it had "agencies none", and I think that is what you have confirmed tonight, you are not responsible for any other agencies, you are working with Treasury. That is correct, yes?

The Hon. MICHAEL COSTA: That is right.

The Hon. GREG PEARCE: And from what the Premier said last night, your responsibility is tax administration and Office of State Revenue. So you are the tax collector?

The Hon. MICHAEL COSTA: That is certainly one of the--

The Hon. GREG PEARCE: You will be able to get your big hammer out.

The Hon. MICHAEL COSTA: That is certainly one of the responsibilities.

The Hon. GREG PEARCE: A bit like the character in Hagar the Horrible.

The Hon. MICHAEL COSTA: That is why we have representatives from the Office of State Revenue here. That explains why this person is sitting on my left, and I do not know if you have met Peter before.

The Hon. GREG PEARCE: No, I have not. In Infrastructure, just leaving aside the role you were just outlining, which seems still to be in conflict with the role of the Infrastructure unit in the Premier's Department--

The Hon. MICHAEL COSTA: No, there is no conflict there.

The Hon. GREG PEARCE: No conflict?

The Hon. MICHAEL COSTA: If you want me to explain it, I can easily explain it. As I said, our prime focus in terms of Infrastructure and Finance, and they are complementary roles, is

Budget Paper No. 4, ensuring that the document that we are here to discuss is co-ordinated in a way to ensure that it is consistent with a broad Government strategy, both in terms of planning but also in terms of some of the social spends, capital spends that are required. So there is no conflict there.

The agency, and I assume you asked the Premier this last night, that would have been about the Infrastructure agency within Premier's because that would have been the appropriate person, but I can explain it. Its role is to deal with major infrastructure projects and act as a similar agency to the Olympic Co-ordinating Authority, I think is the example they have used, to ensure the delivery of projects. So there is no conflict at all. One is about strategy and one is about delivery.

The Hon. GREG PEARCE: And again, just going to the New South Wales Government directory in relation to your Infrastructure portfolio, it lists nine agencies. One is the Department of Infrastructure, Planning and Natural Resources. That has been abolished, so I assume--

The Hon. MICHAEL COSTA: I do not know who has put the document--

The Hon. GREG PEARCE: Well, it's your Government, mate, it's your web site, it's your directory.

The Hon. MICHAEL COSTA: The Government is a very, very big place and that is why we have lots of Ministers who come along here and you get to answer questions and not all Ministers are responsible for everything. I do not know who is responsible for that. If you can point to what documents--

The Hon. GREG PEARCE: No, what I am asking you is what you are responsible for and I am asking you: Are you responsible for the Department of Infrastructure, Planning and Natural Resources, and I gave you the easy answer which is that it has already been abolished, so you cannot be responsible.

The Hon. MICHAEL COSTA: You are referring to a document I have not seen. You are asking me if I am responsible for the document.

The Hon. GREG PEARCE: I will pass you up a copy if you have not seen it. It is your Government directory, put out since the Ministerial changes. If you guys don't know what you are responsible for, how is it--

The Hon. MICHAEL COSTA: I know what I am responsible for. What I do not know is what you are referring to. I am happy for you to go down the list of whatever you have got there.

The Hon. GREG PEARCE: It is on the Government web site.

The Hon. MICHAEL COSTA: There are lots of Government web sites.

The Hon. GREG PEARCE: Let's go through the Government web site--

The Hon. MICHAEL COSTA: Which Government web site?

The Hon. GREG PEARCE: The New South Wales Government web site. Have you actually been on the web and had a look at what information you put out?

The Hon. MICHAEL COSTA: If you can go through the document and ask the question you want to ask, rather than saying it is my Government's document.

The Hon. GREG PEARCE: You are the one disputing it.

The Hon. MICHAEL COSTA: You are referring to a document and you are asking questions that do not seem to make sense.

The Hon. GREG PEARCE: No, the question makes perfect sense, if you would just listen. The second and third items listed as your agencies are the Heritage Council of New South Wales and

the Heritage Office. Are they your agencies or not?

The Hon. MICHAEL COSTA: Didn't you just ask Frank Sartor that?

The Hon. GREG PEARCE: Yes, I did.

The Hon. MICHAEL COSTA: Didn't you get the answer?

The Hon. GREG PEARCE: I did. That is why I want to ask you.

The Hon. MICHAEL COSTA: Well, why are you asking me?

The Hon. GREG PEARCE: What about the Honeysuckle Development Corporation?

The Hon. MICHAEL COSTA: I thought he answered that as well.

The Hon. GREG PEARCE: No, I did not ask him that.

The Hon. MICHAEL COSTA: Well, you should have.

The Hon. GREG PEARCE: What about the Honeysuckle Development Corporation?

The Hon. MICHAEL COSTA: Look, I can explain - I am not going to go through--

The Hon. GREG PEARCE: Are you responsible for it or not?

The Hon. MICHAEL COSTA: I am not going to go through every agency of Government and have you--

The Hon. GREG PEARCE: Well, you just said that you would. These are the ones listed on the New South Wales Government web site.

The Hon. MICHAEL COSTA: If you pass over the list so I can have look at what you have got there, I will tell you what is on there that I am responsible for, rather than going through a tedious exercise of--

CHAIR: Minister, if you just go through the list and do a yes, no, that might satisfy the problem.

The Hon. MICHAEL COSTA: I have been informed you did ask Frank all of these, so what--

The Hon. GREG PEARCE: I did not. I know exactly what I asked.

The Hon. MICHAEL COSTA: I do not think there is any agency there that I am responsible for. Does that answer your question? Can you confirm that?

The Hon. ROBYN PARKER: Isn't the Honeysuckle in the Hunter?

The Hon. MICHAEL COSTA: But I am not responsible for Honeysuckle.

The Hon. GREG PEARCE: Okay, so you are really not responsible for anything--

The Hon. MICHAEL COSTA: Does that mean I am responsible for all the hospitals and schools?

The Hon. ROBYN PARKER: That means you are responsible for--

The Hon. MICHAEL COSTA: No, no, I am not the Premier of the Hunter.

CHAIR: Yet.

The Hon. GREG PEARCE: Thank you, I just wanted to clear up what your responsibilities were.

The Hon. MICHAEL COSTA: You asked Frank that and he told you.

The Hon. GREG PEARCE: No, I did not ask Frank that.

The Hon. MICHAEL COSTA: Well, yes, go on, waste some more time.

The Hon. GREG PEARCE: No. You are the one wasting the time. Just to be clear, is there going to be a mini budget in the next six months?

The Hon. MICHAEL COSTA: I have just been advised, and this is just to make it easier for you, there is a range of other agencies--

The Hon. GREG PEARCE: I am glad you are finding out about what you put.

The Hon. MICHAEL COSTA: No, they are not on this list. I just want to advise you that in the role of Minister for Finance I will have a shareholding Minister's role in relation to a number of our State owned corporations and certainly we can provide you with a list of those. They are being finalised.

The Hon. GREG PEARCE: When will you provide that list?

The Hon. MICHAEL COSTA: As soon as it is finalised. I am volunteering information to make it easier for you.

The Hon. GREG PEARCE: That is very kind of you. Is there going to be a mini budget in the next six months?

The Hon. MICHAEL COSTA: I do not know that. We are not proposing one at this stage but these matters are always reviewed. If you ask me what is a possible circumstance for that, well, the circumstances have occurred in the past but there is no proposal at this stage.

The Hon. GREG PEARCE: You are on the record on 2GB on 3 August as stating that the budget was in deficit before the abolition of the vendor duty. So what is the deficit? When did you come to realise the budget was in deficit? Who briefed you on the state of the budget and when was that and who was present when you were briefed?

The Hon. MICHAEL COSTA: Let us just go through it. What is the first question?

The Hon. GREG PEARCE: You stated that the budget was in deficit--

The Hon. MICHAEL COSTA: If you could pass it up, maybe I will just go through the list.

The Hon. GREG PEARCE: No, I think we will do it the easy way. You stated that the budget was in deficit before the abolition of the vendor duty. What is the amount of the deficit?

The Hon. MICHAEL COSTA: I do not know what the deficit is at the moment. We do not do this on a daily basis, if it is a deficit, because these things fluctuate of course.

The Hon. GREG PEARCE: So we have gone back into surplus, have we?

The Hon. MICHAEL COSTA: Over a cycle anything can happen. We only do our assessment periodically, and I think that was explained to you last night by the Treasurer and the Secretary of Treasury, so I do not know why we are going around this.

The Hon. GREG PEARCE: Who briefed you on the deficit position as at 3 August?

The Hon. MICHAEL COSTA: I have been on the budget committee of the Government for I think about 12-18 months, for a period of time. We get periodic updates of where we are.

The Hon. GREG PEARCE: That is the budget committee of Cabinet, is it?

The Hon. MICHAEL COSTA: That is right, the budget committee of Cabinet.

The Hon. GREG PEARCE: And the budget committee of Cabinet has been advised that the budget is in deficit--

The Hon. MICHAEL COSTA: No, no, we get--

The Hon. GREG PEARCE: That is what you just said.

The Hon. MICHAEL COSTA: No, I did not say that. You asked me where do I get my information on the budget. I said I get it through the budget committee.

The Hon. GREG PEARCE: How is the Government going to fund a deficit?

The Hon. MICHAEL COSTA: You are assuming that we are in deficit. Governments normally fund deficits through a range of mechanisms and those mechanisms are well known. I do not need to go through them. You had a number of deficits when you were in government, and in fact I could go through the list of it, billions of dollars and you funded it through a range of mechanisms.

The Hon. GREG PEARCE: Debt or taxes?

The Hon. MICHAEL COSTA: They are options but no decision has been made on any of those.

The Hon. GREG PEARCE: Now you are the sledgehammer for taxes, I assume it is taxes, is it?

The Hon. MICHAEL COSTA: You can assume what you like but you know what they say about people who assume. They make asses of themselves.

The Hon. GREG PEARCE: You are also on the record, again on 2GB on 3 August, stating that you can use short-term debt to manage your cyclical problems.

The Hon. MICHAEL COSTA: No. I do not know what you are quoting from and I do not have the transcripts. I am not going to attempt to - unless you want to pass it over and I can see if I said that, but what I have certainly been saying generally about the budget position is what the Premier has been saying and what the Treasurer has been saying, that is the budget is under pressure, that is true, that we have a very healthy balance sheet because we paid off nearly \$12 billion of debt that was accumulated by the last conservative Government primarily, and because of our sound fiscal management over the period, we are in a good position to sustain any shocks that may occur to the budget. Because of that, we are able to put sensible strategies in place to manage our way through the pressures that we are currently under.

The Hon. GREG PEARCE: Just before I hand over to the Hon. Robyn Parker, last night I asked the Treasurer about the fact that the general Government's financial statement has not been issued since 31 May 2005. Are you aware of the obligations to produce those figures under the Finance and Audit Acts?

The Hon. MICHAEL COSTA: Is that the question?

The Hon. GREG PEARCE: Yes.

The Hon. MICHAEL COSTA: You did ask last night and I read the Treasurer's response.

He--

The Hon. GREG PEARCE: I am asking you about your response.

The Hon. MICHAEL COSTA: Clearly, if I read your question and the answer, I must be aware. That is logical, but again--

The Hon. GREG PEARCE: So you became aware when you read my question and the answer?

The Hon. MICHAEL COSTA: No, I said clearly I must be aware. Just by that bit of evidence, you should have concluded that I was aware, but leaving that aside, it is clearly the case that that question was answered last night.

The Hon. GREG PEARCE: Not by you.

Mr COSTA: I was not here last night. It is very hard to answer a question when you are not here.

The Hon. GREG PEARCE: That is right. You are not here tonight either from what I have heard so far. Just in relation to that statement it says that the expenditure on asset acquisitions as at 31 May was \$2.6 billion against a budget of \$3.6 billion. How is it that the asset expenditure budget is a billion dollars behind the budget expenditure as at the end of May?

The Hon. MICHAEL COSTA: Did you ask that last night?

The Hon. GREG PEARCE: No, I am asking you.

The Hon. MICHAEL COSTA: Why didn't you ask it last night when the Treasury Secretary was here?

The Hon. GREG PEARCE: Because I am asking you tonight. You have got the Treasury Secretary here. You are the Infrastructure Minister. What I am talking about is the asset acquisitions, which is what you told us before you were handling and you have got no idea about the expenditure last year. That is the point I am asking you.

The Hon. MICHAEL COSTA: Sorry, you are asking me about the expenditure last year, are you?

The Hon. GREG PEARCE: Correct.

The Hon. MICHAEL COSTA: I will get you a response from the Treasury Secretary. Here it comes.

Mr PIERCE: As you note, these monthly statements provide year to date figures. What tends to happen at the end of a financial year, because the end of the financial year is obviously the major reporting period and it goes into the State accounts and gets audited, what tends to happen is, if I could try to put a simple answer--

The Hon. MICHAEL COSTA: You have to put it in a simple answer. He would not understand it.

Mr PIERCE: The bills and the agencies' debts when people are doing the capital works tend to accumulate towards the end of the financial year and it is not unusual to have this pattern of reporting during the financial year. If you just look at the annual number and divided it by 12 you do not get that expenditure during the course of the year.

The Hon. GREG PEARCE: What I am asking is do we have an under spend on asset acquisitions or not?

Mr PIERCE: That will come out with the State accounts, the statement of financial--

The Hon. GREG PEARCE: You have got the State accounts prepared in draft. Do we have an under spend or not?

The Hon. MICHAEL COSTA: Hang on a minute, you are assuming something. You can't just make an assumption.

The Hon. GREG PEARCE: Let Mr Pierce shake away and answer the question.

The Hon. MICHAEL COSTA: No, you are shaking at the moment.

The Hon. GREG PEARCE: I am just responding. You are clearly having a lot of trouble with the answer.

The Hon. CHRISTINE ROBERTSON: You are being a bit insulting, Greg.

The Hon. GREG PEARCE: Just answer the question honestly.

Mr PIERCE: I do not get the accounts back from the auditor until the end of September.

The Hon. GREG PEARCE: And did you send a draft set of accounts to the auditor?

Mr PIERCE: Yes, of course we sent a--

The Hon. GREG PEARCE: And so you might have prepared those. So you know what numbers are in them.

Mr PIERCE: I know what numbers were sent off to the--

The Hon. GREG PEARCE: On the numbers that you sent off, did we have an under spend or not?

Mr PIERCE: Those accounts are going to be made public in accordance with the timetable that we have.

The Hon. MICHAEL COSTA: So you will just have to wait until the accounts are released to everybody.

The Hon. GREG PEARCE: You have got the numbers but you are just not prepared to say.

Mr PIERCE: There is a statutory reporting date and it would be inappropriate for me to jump ahead of what is going to come out in the statutory report.

The Hon. MICHAEL COSTA: Mr Chair, the question has been answered. The information will be provided at the time that it is statutorily required.

CHAIR: Why I have been letting Mr Pearce go on with this line was that last night we did have some evidence from Mr Pierce indicating that some of the monthly accounting figures and some of the others were actually running late. Am I correct in saying that?

Mr PIERCE: No.

The Hon. MICHAEL COSTA: No. They are not running late. As I understood it from the discussion you had last night, the information that was provided was that there was provision under the current Act to delay the release if there was a statement to be made, a financial statement.

Mr PIERCE: The practical reason for delaying June, July and August is really associated with the finalisation of the end of year accounts.

CHAIR: So when will they be released? That might solve Mr Pearce's problems.

The Hon. GREG PEARCE: When they can figure out the answers. When they can workshop the figures to get the result that is acceptable.

The Hon. HENRY TSANG: Point of order. I would like to listen to the answer and the Committee member keeps interfering. I want to listen to what the Treasury Secretary says.

CHAIR: Thank you, Mr Pierce.

Mr PIERCE: You would expect it in the same way that it was done last year. When we release the report on State finances, the final State accounts, we will also release the July and August numbers and September--

The Hon. GREG PEARCE: All the bad news out at once.

Mr PIERCE: It is a mechanical reporting process that--

The Hon. MICHAEL COSTA: Is that a question or a comment?

The Hon. GREG PEARCE: It is a comment, get all the bad news out at once.

The Hon. MICHAEL COSTA: Mr Chair, is he entitled to comment while the person is trying to answer a question?

CHAIR: Thank you, Mr Pierce, is there anything further you want to say?

Mr PIERCE: Just that those monthly reports, because what is in the July and August reports depends upon what the final end of year position was as at the end of June, you cannot release the July and August until the end of June accounts have been finalised, and finalisation of those, as distinct from the normal monthly accounts, involves an auditing process. That is why--

The Hon. GREG PEARCE: Sorry, what do the July and August figures have to do with the end of June figures?

Mr PIERCE: Because you need to finalise the end of June figures to know what your opening balances are for July.

The Hon. GREG PEARCE: But the section 8 figures do not include a comparison with last year. They only relate to the current year.

Mr PIERCE: Yes, but the current--

The Hon. GREG PEARCE: You get the 12 months budget and the monthly accumulating figure. They do not have anything to do with the 30 June figures.

Mr PIERCE: No, they do. If you think of it that the balance sheet numbers for - pick a month - the balance sheet numbers for July are the end of June balance sheet changed by whatever is happening in the operating statement during July. So until we know the position on the balance sheet at the end of June, we cannot say what the balance sheet position is going to be during July.

The Hon. GREG PEARCE: Sorry, with respect, section 8(1) of the Public Finance and Audit Act requires the Treasurer to publicly release a statement for each month by the end of the following month setting out the budget time for the year to date balances for the major GFS aggregates disclosed in the budget.

Mr PIERCE: The GFS aggregates.

The Hon. GREG PEARCE: That is the current year budget. It does not have a comparison in it at all and I could pick the reports, a bunch of the reports here. They have the budget for the 12

months to 30 June 2006.

Mr PIERCE: Yes.

The Hon. GREG PEARCE: And expenditure for the number of months that have passed and they are the only figures that are in there.

Mr PIERCE: Yes, but the figures--

The Hon. GREG PEARCE: And I have got the budget figures here for 30 June--

The Hon. EDDIE OBEID: Why don't you listen, Greg?

The Hon. GREG PEARCE: --2006.

Mr PIERCE: Yes.

The Hon. GREG PEARCE: Why can't you produce them?

Mr PIERCE: I was trying to explain--

The Hon. GREG PEARCE: You are not doing very well at it.

The Hon. CHRISTINE ROBERTSON: Bookkeeping, basic bookkeeping.

The Hon. GREG PEARCE: It is not a comparative figure. It is a figure--

The Hon. HENRY TSANG: Point of order.

The Hon. MICHAEL COSTA: He asked a question. Why doesn't he allow the Treasury Secretary to answer it?

The Hon. GREG PEARCE: Well, because--

The Hon. MICHAEL COSTA: You do your own interrupting as well, so don't worry about that.

CHAIR: Go ahead, Mr Pierce.

Mr PIERCE: The figure is in these terms, the balance sheet of course is a measure of stocks and the operating statement shows you how stocks have changed during the period, the months. So you get actuals for July and the effect of that balance in the end of July balance sheet numbers is the effect of those actual operating accounts on the balance sheet you started with, and the balance sheet you started with was the balance sheet at the end of June and we get that out of the State accounts which come out at the end of October. So you need a set of numbers at the end of June.

CHAIR: Can you just answer me a very simple question.

Mr PIERCE: Sure.

CHAIR: When are you expecting the audited accounts to be returned to you for release?

Mr PIERCE: Our agreement with the Audit Office is that it is by the end of September. I think he is expecting to get it to me by 29 September.

CHAIR: And then their release date?

Mr PIERCE: It will be during October. There is just a physical printing process to print the reports.

CHAIR: And you will at that stage be able to go back and give retrospectively the July, August, September figures?

Mr PIERCE: No, the July and August figures. The September figures will come out later in October. So you might expect the State accounts to be released in the third week of October and the September one in the last week of October.

CHAIR: Thank you. Any questions from the Government?

The Hon. HENRY TSANG: I have a question. Minister, can you update the Committee on the impact of the GST implication of possible special Government tracking in the States in terms that you must abolish certain tax, what is the implication to our budget?

The Hon. MICHAEL COSTA: Again, this falls within the ambit of tax policy, which I did indicate was the responsibility of the Treasurer, but I am happy to make the point that certainly the GST arrangements will impact on the budget position. The Treasury Secretary can give you the latest update. There will be a meeting held with the Commonwealth at some point and we will expect, as a result of that, to see what damage the Commonwealth Government inflicts on the State budget. Mr Pierce, do you want to add anything?

Mr PIERCE: No, not at this point.

The Hon. ROBYN PARKER: Minister, for the 2005-2006 budget year, it is expected that 16,269 billion in taxation revenue will be received.

The Hon. MICHAEL COSTA: 16 what?

The Hon. ROBYN PARKER: 16,269 billion in taxation revenue, 16.3.

The Hon. MICHAEL COSTA: That is a lot of money. I wish we were getting that much money. It makes it hard if you can't even read a number.

The Hon. ROBYN PARKER: Is that still the case? If not, what are the revised forecasts?

The Hon. MICHAEL COSTA: Are there revised forecasts at this stage? I do not think there are.

Mr PIERCE: Not at this stage, no, other than the vendor duty.

The Hon. MICHAEL COSTA: No, there are not any revised forecasts at this stage, other than what has been announced in relation to the vendor duty.

The Hon. ROBYN PARKER: How much has been collected to date?

Mr PIERCE: How much of what has been collected to date?

The Hon. GREG PEARCE: Taxation.

The Hon. MICHAEL COSTA: Overall taxation?

The Hon. GREG PEARCE: Yes.

The Hon. ROBYN PARKER: How much so far?

Mr PIERCE: It is a figure for the Treasury.

The Hon. GREG PEARCE: There is no-one else to look at.

The Hon. MICHAEL COSTA: It is a very esoteric and obscure question to ask somebody - what is it - three months into the financial year, the exact amount of money that is collected. You

mean up to today?

The Hon. ROBYN PARKER: Yes. You can take it on notice.

The Hon. GREG PEARCE: Take it to the end of August. Wouldn't have a clue.

Mr PIERCE: If I can explain--

The Hon. GREG PEARCE: Who is running this show? You guys have got no idea.

The Hon. HENRY TSANG: Chairman, can you please stop Committee members interfering with the answer?

CHAIR: I don't know that I could but I--

Mr PIERCE: Mr Chairman, if I may--

The Hon. MICHAEL COSTA: He wants to know how much tax was collected to the end of August.

Mr PIERCE: I might, if I may, just point out that I am not a member of the Government, I work for the Government, and in that vein I am here to answer the questions as best as we are able and not to participate in a debate as such, but if I can provide information I am more than happy to. The end of August, I do not have off the top of my head how much tax revenue was collected in July and August. I know that the amount that we have collected in July and August, other than the vendor duty, is not inconsistent with the estimates that are provided in this budget, bearing in mind two factors, one being that it is very early in the financial year, and, secondly, that there is a very significant seasonal component in our tax revenues during the course of the year, and they could collect in one month and another month be varied significantly, depending upon a whole range of things, when the land tax assessments are issued, when the GST payments are made to us by the Commonwealth, which is mainly quarterly, so the actual--

The Hon. GREG PEARCE: That is not a tax collection by you though.

Mr PIERCE: No, that is right, but in terms of our actual, our revenue line fluctuates quite a lot from month to month and can do so and not be inconsistent with the annual figures. At this point in time, other than the vendor duty, on the basis of those numbers at the end of August we have no reason to change the estimates.

The Hon. ROBYN PARKER: So you are confident that you will get the 16.2 billion?

Mr PIERCE: All I can say is that the numbers to the end of August are consistent with the numbers that we put forward in the budget papers. Our confidence in the future depends on the economy generally and the property market.

The Hon. MICHAEL COSTA: I think the Treasury Secretary has answered that. I think the next question we will get is to name individually each of the taxpayers and their addresses and phone numbers.

The Hon. ROBYN PARKER: No, the next question will be: What is the Government's plan to rein in expenses in 2005-2006?

The Hon. MICHAEL COSTA: We, as I think was explained last night, are undertaking two processes. We have an expenditure review committee which has been discussed publicly.

The Hon. GREG PEARCE: Are you on that Committee?

The Hon. MICHAEL COSTA: Yes, I am on that committee. An expenditure review committee that is going through the exercise of dealing with - and it was also in the budget statement if I remember, the Treasurer's statement, that that committee would be set up, going from memory,

and that process is continuing. In addition, as was I think outlined last night by the Premier and Treasurer, we are conducting a financial audit to look at structural issues in terms of the budget.

The Hon. ROBYN PARKER: And will that review involve looking at cutting public sector jobs?

The Hon. MICHAEL COSTA: What does that mean? The only proposal that I have even seen that cut public sector jobs was the one the coalition put out to knock out 94,000 public sector jobs.

The Hon. ROBYN PARKER: So you are going to rein in expenses in another way, are you?

The Hon. MICHAEL COSTA: Can I explain how--

The Hon. ROBYN PARKER: You are not going to cut public sector jobs?

The Hon. MICHAEL COSTA: Do you want to hear the answer or do you want to again ask me how many taxpayers there are and what their names and addresses are, that sort of question? The way any sensible Government conducts these sort of arrangements is to look at their programs and look at how they can provide those programs and services more efficiently, and it is in the context of those sorts of activities that we come up with any job reductions, if there are to be job reductions, rather than coming out with a blanket statement of 94,000.

The Hon. GREG PEARCE: It was 29,000 and it was a recruitment freeze. You are on the record as 20 percent.

The Hon. MICHAEL COSTA: I am not on any record. I thought you said 94,000. So you have revised downwards now, have you?

The Hon. GREG PEARCE: No, it has never been anywhere near that. You know that. It was a recruitment freeze.

The Hon. ROBYN PARKER: You have been quoted, Minister--

The Hon. MICHAEL COSTA: Who has quoted me?

The Hon. ROBYN PARKER: --as saying that 20 percent of the public services--

The Hon. MICHAEL COSTA: I do not know where that quote has come from. It is probably--

The Hon. ROBYN PARKER: So that is not the case then?

The Hon. MICHAEL COSTA: You have asked me that question about ten times in question time and I have answered it. I do not want to provide any other answer than the one I have provided. I have provided it. How many times do I have to answer the same question?

The Hon. ROBYN PARKER: What do you think the actual figure is then?

The Hon. GREG PEARCE: Well, you shouldn't have made that comment in the first place.

The Hon. MICHAEL COSTA: You are assuming that I did.

The Hon. GREG PEARCE: There are plenty of witnesses.

The Hon. ROBYN PARKER: What is the actual figure--

The Hon. MICHAEL COSTA: Have you got statutory declarations?

The Hon. GREG PEARCE: Me.

The Hon. MICHAEL COSTA: You wouldn't know how to fill one out.

CHAIR: Can I suggest you rephrase the question and ask how many--

The Hon. MICHAEL COSTA: Lower traffic court, wasn't it?

The Hon. GREG PEARCE: Never heard of the lower traffic court.

The Hon. MICHAEL COSTA: I thought you were a paid representative of it.

The Hon. ROBYN PARKER: Minister, how many public service jobs in your view are surplus to requirements?

The Hon. MICHAEL COSTA: One cannot make informed judgments about job numbers until one has conducted an appropriate review of services that are provided and the efficiency of the provision of those services and that is what we will do. That is why you have an expenditure review process. I would recommend that if you want to know more about this, you get Peter Walsh's book out, *Confessions of a Failed Finance Minister*, and read it. He explains the process quite succinctly and with some humour, which is more than we are getting here tonight, and we will conduct a very similar process of review.

The Hon. GREG PEARCE: You haven't written your book yet.

The Hon. MICHAEL COSTA: I will write a book one day.

The Hon. GREG PEARCE: *Confessions of a Failed Finance Minister* Mark II.

The Hon. MICHAEL COSTA: I view him as being a very successful Finance Minister, but he makes the point that no matter how much you review expenditure, no matter how efficiently you provide services, you can always do better, and that is what we try and do. That was the purpose of the title.

The Hon. ROBYN PARKER: As Minister for the Hunter, what are your responsibilities that we could ask you about tonight?

The Hon. MICHAEL COSTA: Sorry?

The Hon. ROBYN PARKER: As Minister for the Hunter, your responsibilities, what are they?

The Hon. MICHAEL COSTA: You can ask me whatever you want tonight.

The Hon. ROBYN PARKER: Can I? Okay.

The Hon. MICHAEL COSTA: If it falls within my knowledge or my ability to acquire an answer, I will try to assist you, but one should remember that we did explain what the regional Ministers were about. They were about co-ordination, they were about providing a voice in Cabinet for the regionally related issues, but you tend to view this as an exercise to fish across a range of portfolios. Continue to do that and I will bat them off if I think they are not appropriate.

The Hon. ROBYN PARKER: How many people in your department?

The Hon. MICHAEL COSTA: I do not have a department.

The Hon. ROBYN PARKER: How many people in your Newcastle office?

The Hon. MICHAEL COSTA: We have a range of staff that are provided by the Premier's office to support us on specific projects. It varies depending on what projects are around. For

example, if the Premier's Department, through the Minister for the Hunter, decides that one of the priorities in the region, as was recently the case, is an issue of schools. We bring people together through the Premier's Department to provide support for the forum and the strategy on schools, but again, this has been explained to you before.

The Hon. ROBYN PARKER: Can you take it on notice and provide numbers of staff located in Newcastle?

The Hon. MICHAEL COSTA: What do you mean by levels of staff?

The Hon. ROBYN PARKER: Numbers of staff and their responsibilities and at the same time the salaries of such persons.

The Hon. MICHAEL COSTA: I think you are misunderstanding what I have said. I do not have a department called the department of Hunter. We use the resources of the Premier's Department and those people could well be working on a range of projects but they are brought together to meet specific outcomes. In terms of personal staff, there is one person at the moment in the Hunter. I am happy to provide you with the name of that one person, but you have met her on many occasions, so I think you know who she is, and in terms of salary, if that is appropriate, I do not mind doing that but I think you are fishing in the wrong pond.

The Hon. ROBYN PARKER: Minister, when it comes to Hunter development then, who has the final say on development issues in the Hunter?

The Hon. MICHAEL COSTA: If you understood Government, you would understand that there are many Government agencies that work in a co-operative way to meet responsibilities in relation to, I suppose, the framework of economic development and social development within any region. So it is very difficult to say that anybody has direct responsibility. It is a range of people. Ultimately, the buck stops with Cabinet of course.

The Hon. ROBYN PARKER: So you just take responsibility for the good news and leave the other issues to other Ministers?

The Hon. MICHAEL COSTA: Given there has been so much good news lately, it has been very fortunate to be in the Hunter and be involved in good news. I am sorry I cannot provide you with bad news, but if that is your policy for the Hunter, I will make sure everybody knows about it.

The Hon. ROBYN PARKER: Can you tell us how much has been allocated to the Hunter regional strategy?

The Hon. MICHAEL COSTA: Which regional strategy? Are you talking about the planning strategy, are you? There are many strategies. We have a Hunter tourism strategy. Which region? Is this for the region?

The Hon. ROBYN PARKER: You know what it is.

The Hon. MICHAEL COSTA: No, I don't know what it is. What is it called?

The Hon. ROBYN PARKER: The Hunter regional planning strategy.

The Hon. MICHAEL COSTA: I will see if there is such a thing and we can probably take that on notice. That is the first one tonight. That is good. It actually falls within clearly the Planning portfolio.

The Hon. ROBYN PARKER: Could you also tell us why it has not been released?

The Hon. MICHAEL COSTA: I am assuming you asked the Planning Minister that last night, did you?

The Hon. ROBYN PARKER: No, I did not. I am asking the Minister for the Hunter.

The Hon. GREG PEARCE: No, the Planning Minister was tonight.

The Hon. MICHAEL COSTA: You should ask the Planning Minister. It was tonight, was it? Well, you had your opportunity. You obviously--

The Hon. ROBYN PARKER: So you do not know?

The Hon. MICHAEL COSTA: Why it hasn't been released?

The Hon. ROBYN PARKER: No.

The Hon. MICHAEL COSTA: I am asking you to ask the appropriate Minister.

The Hon. ROBYN PARKER: You would be aware of calls by a number of people in the Hunter asking why it has not been released.

The Hon. MICHAEL COSTA: I read the *Newcastle Herald* as well as you and I heard your question to me the other day, which was straight out of the *Newcastle Herald*, which indicates there is a degree of frustration about the way the planning process has allegedly held up development. You probably are not aware of this. On my representation, the Minister for Planning - and you could have asked him this - did send out a letter through his department to all of the councils indicating that they should not be holding up decisions in relation to planning where they have no clear connection to the planning strategy, and he is happy to provide assistance in that. I think he has also written to the paper.

The Hon. ROBYN PARKER: Minister, despite a media release issued by your office in December last year announcing the first stages of a Government response to the Lower Hunter Transport Working Group's recommendations, there is nothing in the budget about the Lower Hunter transport plan at this point. Why is there not?

The Hon. MICHAEL COSTA: I do not know if that is right. I think you would need to speak to the Transport Minister if you are on the committee, but certainly within the Transport budget, when I was the Transport Minister there were some resources allocated. I do not know what the degree of resource is now. You are probably better off to ask the Transport Minister that.

The Hon. ROBYN PARKER: We are hard pressed to find anything in the Hunter you are able to answer.

The Hon. MICHAEL COSTA: I can answer lots of things.

The Hon. ROBYN PARKER: No money allocated for the development--

The Hon. MICHAEL COSTA: I could give you all the scores for the recent Knights' games.

The Hon. ROBYN PARKER: Only good news, only good news. Friday's press releases.

The Hon. MICHAEL COSTA: I can give you lots of information about the Hunter, but I can't give you the information you want.

The Hon. ROBYN PARKER: Just all the good news, none of the difficult stuff.

The Hon. MICHAEL COSTA: As I said to you, there is lots of good news in the Hunter and I am very happy--

The Hon. ROBYN PARKER: Why has no money been allocated to the development of a master plan to ensure--

The Hon. MICHAEL COSTA: What master plan?

The Hon. ROBYN PARKER: The Transport Working Group's recommendations on a transport master plan, in particular the transport corridor--

The Hon. MICHAEL COSTA: If you directed the question to where it is supposed to be directed, and I do not want to answer on behalf of the Transport Minister, he would probably give you a response that says that he is working on that, and he did put out a press release after the December press release, when he became Transport Minister, about that particular matter. You are being very selective here.

The Hon. ROBYN PARKER: You are the Minister for the Hunter and Minister for Infrastructure. Perhaps we will see if you know any answers in terms of Infrastructure in relation to police stations. Are there plans to recommit the Government's \$2.6 million for Raymond Terrace police station that was originally allocated in 1996?

The Hon. MICHAEL COSTA: Can I suggest, in case the Honorable member - and I know she is only a recent member - does not understand how the budget process works, Budget Paper No. 4 contains a lot of the information she is seeking. If she has some specific clarifications about particular items within Budget Paper No. 4, I am sure the appropriate Minister, when you get the opportunity to question them, or one of your colleagues, could provide that.

The Hon. GREG PEARCE: You claimed earlier that Budget Paper No. 4 was your area of expertise.

The Hon. MICHAEL COSTA: Certainly, Budget Paper No. 4 is what the new Infrastructure Ministry is focussed around co-ordinating.

The Hon. GREG PEARCE: That is you.

The Hon. MICHAEL COSTA: That is right, but the Ministry only came into existence after this particular budget paper. It does not mean I cannot take it on notice, if you would like me to pass the information on to the relevant Minister, but Budget Paper No. 4 has a detailed list and I have got the page here. Look on page 92, the Ministry for Police and there it's all listed, you see they have three columns each explaining how it works.

The Hon. GREG PEARCE: You had to be helped by having the page shown to you.

The Hon. MICHAEL COSTA: I was helped by my colleague next to me providing me the actual page, and I thank him for that because I was trying to answer the question, but I do not see that that is a major crime and I am sure that you ought to recognise it as being part of the process of expediting the response.

The Hon. GREG PEARCE: I did not suggest it was a crime. Perhaps if you had a bit of an idea what is happening in the--

The Hon. MICHAEL COSTA: Let me finish it. If you look at page 92, you can see that down this column it says Ministry for Police and it has all these police stations listed. It has the locations. It also has the starting date, the completion date, the estimated dollars. That is how you read Budget Paper No. 4.

The Hon. ROBYN PARKER: Yes, if you have a look at the budget paper in 1996 it said there was \$2.6 million allocated for Raymond Terrace police station and it has disappeared. What are you doing about that as Minister for the Hunter and Minister for Infrastructure? Are you talking to your Minister for Police on behalf of the people who live in the Hunter and the police in the Hunter?

The Hon. MICHAEL COSTA: If you go through the budget papers you will find that for convenience the budget papers are structured like this for every Ministry and that is how you get your information. Your colleagues, I am sure, will be on the committee that deals with the area of Police, and I suggest that if you have a specific issue you direct it to the Police Minister.

The Hon. ROBYN PARKER: Minister, we will try something else in the Hunter then. The national highway extension, the F3 freeway, the New England highway west of Branxton cost \$6.1 million more than budgeted in the 2004-2005 budget and it is still in the same stage. Why has that project blown out?

The Hon. MICHAEL COSTA: I suggest that, again, you refer that matter to the appropriate Minister, which in this case would probably be your Federal Minister, would it not? You are talking about the F3?

The Hon. ROBYN PARKER: It was in your Budget Paper No. 4, page 99.

The Hon. MICHAEL COSTA: Are you talking about the F3? Essentially, the F3 is primarily the responsibility, and I am sure the Roads Minister will enlighten you on this, of the Federal Government. Certainly there are funds allocated through the bilaterals to various projects and we deal with those in accordance--

The Hon. ROBYN PARKER: What has the \$33 million that your Government has spent so far purchased?

The Hon. MICHAEL COSTA: The Roads Minister has just walked in. I welcome the Roads Minister. He might be able to help you. I suggest you direct that question to the Roads Minister, but it would be a lot easier if you just picked up the phone, rang up Jim Lloyd and asked him what he is doing with his money for the F3 because he has been--

The Hon. ROBYN PARKER: This is \$33 million in your budget.

The Hon. MICHAEL COSTA: You asked me about the F3. I pointed out the prime responsibility for the F3 is with the Commonwealth Government.

The Hon. ROBYN PARKER: So far you have not answered any question about the Hunter.

The Hon. MICHAEL COSTA: I have asked you to either speak to the Roads Minister about details of it or alternatively to pick up the phone and speak to Jim Lloyd.

The Hon. ROBYN PARKER: You have not answered a question on police stations, on roads, on Newcastle rail projects and yet you are the Minister for the Hunter and the Minister for Infrastructure.

The Hon. MICHAEL COSTA: Again, if you care to look at the responses that I have given to you on many occasions about the roles of the regional Ministers, you will understand why you are better off directing specific agency questions to specific agencies. It is not rocket science. You do not want to accept it but it is not rocket science.

The Hon. ROBYN PARKER: The Minister for the Hunter just cherry-picks across and has press conferences on Fridays, but when it comes to difficult questions--

The Hon. MICHAEL COSTA: The Minister for the Hunter does the role that has been allocated to him by the Premier and he does that very effectively, I think, if you talk to people in the Hunter.

Ms LEE RHIANNON: Minister, what is your involvement with T Corp, Treasury Corporation, and the \$4.6 billion invested in shares in Australia and overseas?

The Hon. MICHAEL COSTA: Which shares specifically are you talking of?

Ms LEE RHIANNON: T Corp, Treasury Corp. Maybe one of your staffers would like to answer it.

The Hon. MICHAEL COSTA: No, hang on. There are two parts to it. You asked me what

my involvement is with T Corp. In terms of T Corp--

Ms LEE RHIANNON: Yes. Considering every time we ask you a question you say you cannot answer it, I just thought I would start off by seeing if you are involved with it.

The Hon. MICHAEL COSTA: I do not say I cannot answer it. I can answer questions that make sense.

Ms LEE RHIANNON: I will say it again. What is your involvement with T Corp, also known as Treasury Corporation, and the \$4.6 billion invested in shares in Australia and overseas?

The Hon. MICHAEL COSTA: I think I can explain this. I have joint responsibility in a statutory sense with the Treasurer on that, but in terms of my involvement in shares overseas, that is the part that I have difficulty in understanding what you are actually asking me. Do you mean do I actually go out and make the asset allocations, is that what you are asking, or buy the shares?

Ms LEE RHIANNON: Yes, perhaps now we can move on to it because you said that you have a statutory involvement in it. So that is good to know. Could you give me the names of the shares?

The Hon. MICHAEL COSTA: After I get the names of each of the individual taxpayers that Greg Pearce asked me to get and their phone numbers and their addresses.

The Hon. GREG PEARCE: No, I did not.

The Hon. MICHAEL COSTA: Sorry, it was Robyn Parker. I will then get you a detailed list of - this is absurd. Chair, this is absurd.

The Hon. GREG PEARCE: You are absurd.

Ms LEE RHIANNON: You are talking about yourself there.

The Hon. MICHAEL COSTA: If you think I am absurd, just cancel the meeting. I do not need to come here. I have other things to do with my time than waste it blowing hot air to you.

Ms LEE RHIANNON: We are talking about a large amount of money here \$4.6 billion--

The Hon. MICHAEL COSTA: Really, the budget is large.

Ms LEE RHIANNON: Don't get insulting. You just show off more and more what you are like. Financial investments the T Corp undertakes, could you explain them please?

The Hon. MICHAEL COSTA: I am not on the T Corp board and I am not the asset allocator. I can explain to you in general terms what financial management companies do but I am really not in the business of providing free education to the Greens, particularly people that--

Ms LEE RHIANNON: Instead of being insulting, can you just answer the question: What is your involvement with T Corp--

The Hon. MICHAEL COSTA: The question is insulting because it is based on ignorance. The question is based on ignorance. If you did a modicum of homework or were prepared to educate yourself, you would understand how financial companies manage their financial assets. To come in here and ask me absurd questions--

Ms LEE RHIANNON: We are trying to find out what T Corp does. Often financial companies mismanage their assets. That is the whole point. We are trying to get to the bottom of it. Just tell us how it works. Tell us what you know.

The Hon. MICHAEL COSTA: Ask me a specific question. If you think T Corp has mismanaged its assets, tell me where you think they have mismanaged it. We will take it on notice.

Ms LEE RHIANNON: I don't know.

The Hon. MICHAEL COSTA: You don't know.

Ms LEE RHIANNON: We have asked questions previously to the Treasurer and could not get any answer. So it sounds like you are going to stonewall too.

The Hon. MICHAEL COSTA: The reason you cannot get--

Ms LEE RHIANNON: What is your type of investment? What is your purchase price?

The Hon. MICHAEL COSTA: The reason you cannot get an answer is that the question is so general, it defies the ability to answer it.

Ms LEE RHIANNON: I asked you a specific question and you would not answer it.

The Hon. MICHAEL COSTA: If you ask a general question about how do you manage financial assets, you are going to get a very general response. If you have got a particular asset you are concerned about, if we have done some non-ethical investments or non-environmental investments and you can be specific, I can answer it, but do not come here and ask me how do you manage financial assets.

Ms LEE RHIANNON: What is the primary type of business that these shares are invested in?

The Hon. MICHAEL COSTA: I do not have that answer, but I can say this to you, that most financial companies manage their assets against an asset allocation, a risk management strategy, they take professional advice on it. Again, I am getting into such basic stuff that you could have probably done it at a high school commerce course.

Ms LEE RHIANNON: When you go to your meetings about T Corp do you just say--

The Hon. MICHAEL COSTA: I do not go to meetings at T Corp.

Ms LEE RHIANNON: What involvement do you have with T Corp? Do you give them any direction? Do you say anything? What is your involvement?

The Hon. MICHAEL COSTA: T Corp has a reporting relationship back to us. It has responsibilities that are in the statute and it enacts those. You are asking about asset allocation, share allocation, which are obviously questions that ought to be directed to the fund managers, and I do not think that it is appropriate for us to be canvassing them here, but if you have a specific problem, tell us.

Ms LEE RHIANNON: So therefore we could assume from the way you are conducting yourself that there will be no ethical base as to how these investments are made, that it could well be involved in nuclear waste management or wood chipping? You would know, would you?

The Hon. MICHAEL COSTA: If you believe that you have some sort of concern, be specific about it, but the fishing exercises I am not intending to get involved in. It is just an absurd question. You are asking me something that is really absurd.

Ms LEE RHIANNON: Can you provide all the criteria, policies, regulations or laws that impact upon the purchase of investments by the New South Wales Government?

The Hon. MICHAEL COSTA: Sorry?

Ms LEE RHIANNON: Can you provide the criteria, the policies, the regulations that impact upon the purchase of investments by the New South Wales Government? I have asked you general questions and I have asked you specific questions. How can we get an answer out of you,

Minister?

The Hon. MICHAEL COSTA: Do you want to provide that? I think it is absurd. I do not understand the question. New South Wales Government investments? Super funds are you talking about? What are you talking about?

Ms LEE RHIANNON: I am trying to understand what T Corp is.

The Hon. MICHAEL COSTA: I can explain T Corp. Why don't you just ask us what T Corp is.

Ms LEE RHIANNON: I did. I have been asking you--

The Hon. MICHAEL COSTA: T Corp primarily manages the financial assets and liabilities of the State. That is its role.

CHAIR: I am quite sure that you have a value statement and some guidelines.

The Hon. MICHAEL COSTA: There is an Act that governs this and you can have a look at it. There are no secrets there.

CHAIR: Can I suggest that the answer as a way forward is if the Secretary of the Treasury says, "There are guidelines here on investments and I will provide them on notice"?

The Hon. MICHAEL COSTA: No, I would rather provide - these fishing sessions actually end up with a waste of public funds and I have a responsibility about expenditure. How many questions have I been asked that are just to provide information that goes nowhere. I would like to know the basis of what you are asking. Do you have a concern about specific investments? What are they? Name them and I will check if we have invested in them. That is the easiest way to do this.

Ms LEE RHIANNON: Okay, are you investing in any nuclear waste industries?

The Hon. MICHAEL COSTA: I do not know, but if they are profitable I would be surprised that they are not. I mean we have got a statutory responsibility to be involved in maximising the return to the State as well.

Ms LEE RHIANNON: So that means there are no ethical investment standards by which T Corp operates?

The Hon. MICHAEL COSTA: Define what it is, tell me the ones that you are worried about. You want to know how many nuclear reactors we have invested in?

CHAIR: I think she would want to include things like--

Ms LEE RHIANNON: The tobacco industry, the alcohol industry, the wood chip industry.

CHAIR: Arms manufacture, nuclear waste.

Ms LEE RHIANNON: Will you take this on notice, Minister?

The Hon. MICHAEL COSTA: No, I am not going to take it on notice. I will ensure that Treasury is not involved in any illegal investments, if that is what you are worried about, and I will ask them to confirm to me that they are not involved in any illegal investments. Can you do that?

CHAIR: I am quite sure the Treasury would have a basic list of those things which they would not invest in, which would probably not run for more than a dozen lines. It would be very simple.

The Hon. MICHAEL COSTA: Yes, but as the Government, there is an issue here about if an investment is legal and if it is an investment that provides an appropriate and optimal return to the

State. I would be very concerned if T Corp is making judgments based on the prejudice of the Greens. If you have some concerns about specific companies or if you want to ask us, we can do that, but I cannot take it on notice. We can provide you with the investment guidelines.

CHAIR: That is what I was suggesting.

The Hon. MICHAEL COSTA: I think that is a sensible suggestion.

Ms LEE RHIANNON: Why can't you provide information on where the shares are invested?

The Hon. MICHAEL COSTA: We will provide you with the investment guidelines. Isn't that what you want?

Ms LEE RHIANNON: No. We want a lot more information than that.

The Hon. MICHAEL COSTA: I know you want a lot more. You just waste--

Ms LEE RHIANNON: I ask you a general question, I ask you a specific question, you just can't handle it.

The Hon. MICHAEL COSTA: I am not going to take it on notice.

Ms LEE RHIANNON: You will take it on notice?

The Hon. MICHAEL COSTA: No, I said I am not going to take it on notice. I am not going to waste the Treasury's time. If you have got some specific concerns about specific companies, I could check whether they have invested in it, but as I said to you, I expect Treasury and T Corp to invest in a way that maximises the State's assets and the returns on those assets. If it is legal - are we doing something illegal? Do you have any knowledge of that?

Ms LEE RHIANNON: It is obviously not possible to find that out, is it, with the way you conduct yourself?

The Hon. MICHAEL COSTA: Well, you do not come here and fish. The idea is to ask us questions.

Ms LEE RHIANNON: It is by no means a fishing expedition and you know that, Minister. A final question on this: So there are no ethical guidelines?

The Hon. MICHAEL COSTA: No, I never said that. I said we would provide you the guidelines. This all started with you asking me to name individual shares, which is almost as absurd as her asking me to name individual taxpayers.

The Hon. GREG PEARCE: She did not ask you that. Stop misrepresenting her.

The Hon. MICHAEL COSTA: Misrepresentation, you should know about that.

The Hon. GREG PEARCE: I do.

The Hon. MICHAEL COSTA: That is right, you practice it well.

CHAIR: Ms Lee Rhiannon, any further questions?

Ms LEE RHIANNON: Thank you. Minister, back to the Hunter, how much land has--

The Hon. MICHAEL COSTA: How much land?

Ms LEE RHIANNON: You are Minister for the Hunter. We are assuming you therefore take a great interest in the--

The Hon. MICHAEL COSTA: But I do not sit in the Land Office and look at each of the lot numbers and deposits.

The Hon. ROBYN PARKER: He doesn't answer questions either about the Hunter.

Ms LEE RHIANNON: What area of the Hunter will be set aside for future development?

The Hon. MICHAEL COSTA: What area of the Hunter?

Ms LEE RHIANNON: What size?

The Hon. MICHAEL COSTA: This is interesting. Could you please define "development" for me, just to make it easier for me, so I understand what you mean?

Ms LEE RHIANNON: You are well aware that there are projections about major development--

The Hon. MICHAEL COSTA: What do you mean by "development"?

Ms LEE RHIANNON: I am talking about the projections for the future of the major growth areas in the Hunter?

The Hon. MICHAEL COSTA: Isn't that what you asked the Planning Minister?

Ms LEE RHIANNON: Considering you are Minister for Hunter, I am trying to assess to what degree you do your job. We are starting to get the clear impression that you do not. So you have got an opportunity here to clarify that.

The Hon. MICHAEL COSTA: That is a fine impression for you to have and I am sure you could make your impression well known. You have asked me about development. I asked you to define what you mean by development. I cannot give you a response unless you tell me what you define as development. The Greens regard picking up timber in our national parks as development because they are ecological systems. Can you please define it and then I can refer the question to the appropriate place, which is the Planning Minister.

The Hon. ROBYN PARKER: He doesn't answer questions about the Hunter.

The Hon. MICHAEL COSTA: You accused me before of only answering good news questions and I told you there is lots of good news in the Hunter.

The Hon. ROBYN PARKER: You haven't answered any questions about it.

Ms LEE RHIANNON: Considering you believe that development is good news, just tell us about what the development is that is going on in the Hunter. There you go, Minister, you can say whatever you want about development.

The Hon. MICHAEL COSTA: I can say anything I like?

Ms LEE RHIANNON: Yes.

The Hon. MICHAEL COSTA: I think development is important because it provides economic growth and it provides jobs for people. It is the basis of a capitalist economy, which we live in, and I know you are not very happy about that but we are not going to a North Korean economy in this State.

Ms LEE RHIANNON: Okay, just stop your insults for a minute.

The Hon. MICHAEL COSTA: Let me finish. You asked me a question and I think that development--

Ms LEE RHIANNON: You just mentioned about development, what area are you talking about?

CHAIR: Lee, can I ask you to be quiet and allow the Minister to answer. He was telling us all he knows--

The Hon. MICHAEL COSTA: About development. That is what you asked me.

Ms LEE RHIANNON: You should not allow him to insult people.

CHAIR: Go ahead.

The Hon. MICHAEL COSTA: And development is important because it provides all of those good things and those good things allow us to do things like provide a basic social service structure, a basic social safety net. It also allows us, quite surprisingly, to provide higher environmental conditions. I think you understand that they are important, and wealth is linked very intrinsically, and all the evidence I have seen shows that having more development, more economic growth leads to better environmental outcomes. But having said that, of course all of our development is done through a planning framework and Government policies are part of that. They take into account social concerns, environmental concerns and economic concerns and that is why we structure government, because it is so complex, into different Ministries and different people have responsibilities, and in this particular Government the Minister for Planning has responsibility for the Planning framework, as I have said on many occasions.

Ms LEE RHIANNON: Thanks, Minister, for your answer there. You spoke about development. So in the Hunter, the area that you are responsible for, what area of land is allocated to the development you just spoke about?

The Hon. MICHAEL COSTA: I am sure that the honourable member is under the same illusion as the Honourable Robyn Parker that somehow I am the Premier of the Hunter. I am not, although at times it feels like that, given all the responsibilities that are projected upon me by the Opposition and the Greens. I am not Premier of the Hunter. The way we manage Government in this State is we have different Ministries and they deal with issues to do with things like land release, and as I have said on three or four occasions tonight, the Minister for Planning is the appropriate person in relation to land release and I think he has already been here and you had the opportunity to ask him those questions.

CHAIR: Government questions?

The Hon. CHRISTINE ROBERTSON: I do have not any, thank you.

CHAIR: Opposition questions?

The Hon. GREG PEARCE: Mr Achterstraat, has the OSR suffered any losses through theft or fraud over the last year or in recent years?

Mr ACHTERSTRAAT: Are you talking about fraud in relation to taxpayers or in relation to internal fraud?

The Hon. GREG PEARCE: Why don't we start with internal and then we will do external?

Mr ACHTERSTRAAT: The OSR has got a risk management approach in relation to both external and internal fraud. We have a comprehensive fraud policy, which is available on the web. We do continually monitor external issues in relation to fraud or misappropriation by clients and taxpayers, and it would be fair to say that the office is working with other agencies in relation to matters concerning taxpayers which may be defined as tax minimisation or may be defined as fraud. In relation to internally, again we have checks and balances there and when cases or if a case does arise of an internal misappropriation, whether it is called a fraud or misappropriation, we do refer those to the relevant agency to inquiry into.

The Hon. GREG PEARCE: Have there been any referrals in the last five years?

Mr ACHTERSTRAAT: We have referred an issue to another agency in the last five years, yes.

The Hon. GREG PEARCE: When was that?

Mr ACHTERSTRAAT: We have done one within the last 12 months, as I understand it.

The Hon. GREG PEARCE: Well, you would understand it.

Mr ACHTERSTRAAT: Yes, we have done. We have referred a matter. I am not sure if it is appropriate to be talking about a matter which has been referred to other agencies before they finalise it. These matters do go to fruition and I can only speak about them after the event.

The Hon. GREG PEARCE: It has not led to a prosecution at this stage?

Mr ACHTERSTRAAT: It is probably one of these things where it is more appropriate to talk about it after the event, rather than during the course of action.

The Hon. GREG PEARCE: Well, you can tell me whether it has led to a prosecution or not.

Mr ACHTERSTRAAT: We have a matter which has been referred to agencies and they will be taking those matters up in the appropriate way.

The Hon. GREG PEARCE: Is it a matter involving computer fraud or some other matter?

Mr ACHTERSTRAAT: I would prefer not to get into specifics.

The Hon. GREG PEARCE: I know you would prefer not to, but you have not given me any reason why you should not. So I would like to know as much detail as possible without identifying anything impacting on the case.

The Hon. MICHAEL COSTA: Mr Chair, as I understand it the matter is under investigation. In the interests of the way we manage public affairs, I think it would be more appropriate for this matter to be allowed to go forward, rather than a fishing exercise.

CHAIR: I think Mr Achterstraat could have answered it simply by saying this matter is under investigation and we shall await the outcome.

The Hon. MICHAEL COSTA: Thank you, Reverend Chair.

The Hon. GREG PEARCE: Does the matter involve a loss of any revenue?

Mr ACHTERSTRAAT: Again, I would prefer to wait until--

The Hon. GREG PEARCE: Whether it involves a loss of revenue has nothing to do with the individuals or whoever it is involved. I want to know if there is a loss of revenue from the State.

The Hon. MICHAEL COSTA: Can I ask whether the member has a specific issue or is he just going on a fishing exercise? If he is going on a fishing exercise, I am happy to provide him a confidential briefing that does not prejudice any investigation and he can have that under the appropriate confidential arrangements that does not prejudice the outcome.

CHAIR: I think that is a suitable way forward. My understanding is that we are waiting for a judgment. If the questioner is concerned that it might be a major issue, the offer has been made by the Minister to give you a private briefing.

The Hon. MICHAEL COSTA: A confidential briefing.

CHAIR: Yes.

Mr GREG PEARCE: With respect, if there is a loss of revenue to the State, it is entirely appropriate for me to know whether there has been a loss of revenue and the public to know whether there has been a loss of revenue and how much we are talking about.

The Hon. MICHAEL COSTA: Providing it does not prejudice the case, yes, because there may well be, and I have not had a briefing on this, there may well be an opportunity--

The Hon. GREG PEARCE: Well, Mr Achterstraat knows. So we will ask him again. Was there a loss of revenue to the State?

The Hon. MICHAEL COSTA: Mr Chair, I would strongly advise, and I would be advising the official, that it is a matter he is not to answer.

The Hon. GREG PEARCE: He can answer questions in his own right.

The Hon. MICHAEL COSTA: That is fine, but I am providing a view, which I am entitled to, that the answer should not be one that in any way prejudices an outcome that may well put the State and the taxpayer into a worse position.

The Hon. GREG PEARCE: There has either been a loss of revenue or there has not.

The Hon. HENRY TSANG: Point of order.

The Hon. GREG PEARCE: It is a simply an objective fact. Has there been a loss of revenue or not and if so what is the amount?

The Hon. HENRY TSANG: Point of order.

CHAIR: There is a point of order.

The Hon. HENRY TSANG: Chair, I would ask that you give a ruling whether the Minister's answer is good enough.

The Hon. GREG PEARCE: That is not a point of order.

The Hon. HENRY TSANG: That is a point of order. The Minister has given an answer. The officer has given an answer.

The Hon. GREG PEARCE: He has not given an answer.

The Hon. MICHAEL COSTA: I have offered a confidential briefing. If this exercise is about accountability, I am happy to have the Office of State Revenue provide that briefing. It is not an attempt to do anything other than allow it to be--

CHAIR: On a confidential basis, so it does not prejudice a possible case.

The Hon. MICHAEL COSTA: That is right. I have been advised that it will prejudice the case to have this matter aired publicly at this stage. Therefore, I have offered in the interests of accountability that he has a confidential briefing. I think that that should end the matter.

The Hon. GREG PEARCE: Well, no, I am sorry--

CHAIR: Can I ask you to go on another tack please?

The Hon. GREG PEARCE: I am sorry, Chair, but with respect I simply asked whether there has been a loss of revenue, nothing further than that.

The Hon. HENRY TSANG: The Chair has ruled.

The Hon. GREG PEARCE: And I would like Mr Achterstraat to confirm whether there has been a loss of revenue. That is clearly what we are here about tonight, to investigate the revenues of the State, and if there has been a loss as an objective fact, I would like a yes or a no.

The Hon. CHRISTINE ROBERTSON: Mr Chair, could I just ask a question please? Will information in relation to this issue be transparent following the resolutions by the other departments, that is the other offices that it has been referred to?

Mr ACHTERSTRAAT: More than likely, yes. It has been referred to other agencies and I am not sure if I am in a position to say and I do not want to be evasive.

The Hon. CHRISTINE ROBERTSON: I understand that, but I want to know if it will be totally transparent--

The Hon. GREG PEARCE: I want you to tell me whether in the Office of State of Revenue there is a loss of revenue or not.

The Hon. MICHAEL COSTA: Let's end this here. I take full responsibility for advising, and strongly, the Executive Director of the Office of State of Revenue, on the basis of the information that has been provided to me, not to answer that question.

CHAIR: I ask, Mr Pearce, that you go into another area please, because if you say has there been a loss of money, he will say either yes or no. In either of those answers you will then want to quantify that and then you are going too far.

The Hon. GREG PEARCE: Why is that too far? We are talking about the revenues of the State.

CHAIR: It may prejudice the judgment.

The Hon. GREG PEARCE: It will not prejudice - it has nothing to do with the judgment.

The Hon. CHRISTINE ROBERTSON: There will be a full transparency following it.

The Hon. GREG PEARCE: We are talking about a loss of revenue through fraud or theft.

CHAIR: I am quite happy for you to go ahead with another tack of questioning please.

The Hon. GREG PEARCE: Mr Chair, I still have not had the answer to that question. I will move on to the next area when I have had an answer from Mr Achterstraat.

The Hon. MICHAEL COSTA: I am requesting that the Executive Director of the Office of State Revenue not answer that question.

The Hon. GREG PEARCE: So you are directing him to cover up a fraud?

The Hon. MICHAEL COSTA: No, I am not.

The Hon. HENRY TSANG: Point of order. Chairman, I ask you to rule.

CHAIR: I have.

The Hon. GREG PEARCE: You are directing him not to answer in relation to the revenues of the State. The revenues of the State have been lost.

CHAIR: Could I ask everybody else to keep quite for a moment. I have asked you not to continue on this line of questioning but to go on to something new. Would you please do that.

The Hon. GREG PEARCE: What steps have you taken to ensure that a similar fraud does not occur in the future?

Mr ACHTERSTRAAT: We have procedures in place to ensure that as far as possible frauds do not occur. Mr Chair, I do not want to be seen as evasive but I just--

The Hon. GREG PEARCE: Well, answer the question.

Mr ACHTERSTRAAT: In relation to protecting revenue we have ranges of strategies in place to ensure that the correct amount of revenue is paid by taxpayers. We have processes and procedures in place, checking and double checking and things like that to ensure that the revenue is protected.

The Hon. GREG PEARCE: What order of loss of revenue would lead to you taking action of referring a matter to the other authorities?

Mr ACHTERSTRAAT: Even if there was a small amount, even if there was a few dollars involved, we would refer these sorts of things to other places. Again, I do not want to be seen as evasive but it is just that it is--

The Hon. GREG PEARCE: Well, you are being evasive.

CHAIR: He has answered that question.

The Hon. MICHAEL COSTA: He has answered the question.

CHAIR: He has said that even if it is a small amount of dollars, he is obligated to do that and he refers it to another department.

The Hon. MICHAEL COSTA: Again, I reiterate that I have offered for the honourable member to have a confidential briefing. There is no attempt here to be evasive or anything else of that nature. It is to protect whatever action needs to be taken.

The Hon. GREG PEARCE: All right, why don't we have that briefing at five to ten before you two leave tonight and I will get that tonight?

The Hon. MICHAEL COSTA: I am happy to organise it at an appropriate time that is mutually convenient. It is not mutually convenient for me at the moment.

CHAIR: I will take it, Minister, that you have not been briefed on this matter and obviously five to ten is not suitable for that. Could I ask you to continue with a different line of questioning?

The Hon. GREG PEARCE: Just going to the budget papers, I notice under Treasury that there are no separate figures for the Office of State Revenue.

The Hon. MICHAEL COSTA: What page are you looking at?

The Hon. GREG PEARCE: Chapter 22. Where can I get the salaries and other expenses and revenues of the Office of State Revenue?

Mr ACHTERSTRAAT: On page 22.35 to page 22.40.

The Hon. MICHAEL COSTA: And there is also an annual report that is produced.

The Hon. GREG PEARCE: You say that is the Office of State Revenue?

Mr ACHTERSTRAAT: There are three programs, Reverend Chair, in relation to OSR. The first is the collection of revenues, the second is the collection of fines and the third is the dispensing of the grants.

The Hon. GREG PEARCE: So paragraphs 64.2, 64.3 and 64.4, is that what you are saying?

Mr ACHTERSTRAAT: That is correct.

The Hon. GREG PEARCE: Are the Office of State Revenue?

Mr ACHTERSTRAAT: That is correct.

The Hon. GREG PEARCE: And I notice on 64.2 the staffing figures and under "duties" there was to be a temporary increase of staff involved with implementing the new tax reform arrangements for 2004-2005 to 221 people. Were they all engaged?

Mr ACHTERSTRAAT: To a certain extent they were. The Office of State Revenue being the three different programs, tax, fines and grants, there are synergies involved in various people doing different roles. So people are not exclusively working on duties, et cetera. Somebody in the IT area or the management services area may work on a number of different roles. So if you look at the total of the program 64.2, the total was 750 last year. That is the 221, the 154 and 349 and 422, and this year we will be seven positions down on that, which will be 743 persons. But, Reverend Chair, each of those persons do not just narrowly work on one area. It is apportioned across.

The Hon. GREG PEARCE: Could you just give me those figures again because the total does not seem to appear in here?

Mr ACHTERSTRAAT: See the figure of 221?

The Hon. GREG PEARCE: Yes.

Mr ACHTERSTRAAT: Under that 154, 349 and 422.

The Hon. GREG PEARCE: So you just add that up?

Mr ACHTERSTRAAT: Yes, it gives the total of 750. Sorry, it is not in the papers there but I think it adds up to 750, and this year is 743.

The Hon. GREG PEARCE: So for the vendor tax you had to increase the staff by roughly 40?

Mr ACHTERSTRAAT: No. In relation to the total, as I said, we should look at the figures as a total, rather than just line by line, because while we have attempted to say this person works on duties and that person works on land tax, invariably there is a range of people. In relation to last year's mini budget, there were persons engaged for the vendor duty and those people will be winding up in their positions shortly.

The Hon. GREG PEARCE: How many of those people are there?

Mr ACHTERSTRAAT: I am not sure of the precise figure but it is about 12 I think and those people will be--

The Hon. MICHAEL COSTA: Robyn Parker doesn't want the names and addresses, does she?

The Hon. GREG PEARCE: Careful, snappy, let's get on with it.

Mr ACHTERSTRAAT: That number of persons will go either by natural attrition or find other roles within the Office of State Revenue.

The Hon. GREG PEARCE: Then what do I make of the figures for duties where you show that it was meant to increase from 182 to 221? It says that that includes temporary staff involved with

implementing new tax reform arrangements.

Mr ACHTERSTRAAT: Yes, and that also applies--

The Hon. GREG PEARCE: That sector reduced to 168 this financial year.

Mr ACHTERSTRAAT: I guess if we look at the employee expenditure it might help because the employee expenditure on the operating statement gives a different picture, a picture in a different set of words. So we have got the budget for last year, \$54 million for employee related, of which only \$49 million was spent, and this year the budget is \$53 million and that incorporates - we have got an extra program in relation to compliance activities where we will be putting on 35 extra staff to collect \$30 million extra in the compliance field, and that is spread across duties, pay roll tax and land tax. That is a new initiative and to a certain extent it may be that we can re-deploy some of the people from other areas into those positions.

The Hon. GREG PEARCE: It still does not tally with the figures that are given in paragraph 5 where the duties are supposed to have decreased from 221 to 168. The payroll tax, the program you were talking about, is separately shown there as an increase from 154 to 192 and land tax has also increased from 349 to 360.

Mr ACHTERSTRAAT: The totals, as I mentioned, the 750 and the 743 show an overall reduction of seven, and that is taking into account loss of staff because we no longer have the land tax. These figures were actually produced before the vendor duty was removed and naturally we will have to give some more salary funds back to Treasury to give up those staff from the vendor duty.

These figures, you are quite right, if we look at them in isolation, by each silo, it tends to give a particular figure, but I would prefer if we could look at them in total for the whole office, because it is difficult to spread the workload, to say whether a person in the computer room is working on duties or whether he is working on land tax or gaming and racing. I guess to a certain extent I would prefer to look at the total figures, which would show the reduction.

The Hon. MICHAEL COSTA: So there has been a reduction in staff you are saying?

Mr ACHTERSTRAAT: Correct, there has been a reduction of seven. That is in that program. There is also staff in the other programs and, again, there is staff that work across the programs, because even the people who are involved in the fines and the grants business may well do a bit of work in relation to the tax business.

CHAIR: Government members, any questions?

The Hon. CHRISTINE ROBERTSON: I have no questions.

CHAIR: May I just ask you about uncollected fines, how much is written off, how much remains?

Mr ACHTERSTRAAT: The fines are administered by the Infringement Processing Bureau and if they are not collected there, then they are referred to the State Debt Recovery Office.

CHAIR: That is right, but ultimately you have to bare the burden of uncollected fines or the right write-offs?

Mr ACHTERSTRAAT: Absolutely. The closure rate when the State Debt Recovery Office started was about 22 percent. The closure rate is now 44 percent. Before the State Debt Recovery Office was established, each agency collected their own fines, there was no central area, and roughly about 22 percent of fines were collected. By centralising it into the State Debt Recovery Office we have now been able to increase that amount. You will recall a few years ago there was \$30 million lost in statutory barred fines. We brought that figure down to \$19 million when we assumed control a couple of years ago and I think last year the figure was about \$2.5 million. So it is reducing dramatically the amount of statute barred ones.

CHAIR: Do you negotiate repayments? In other words, do you do a deal?

Mr ACHTERSTRAAT: We do not actually do a deal. Are you talking fines or taxes?

CHAIR: Fines.

Mr ACHTERSTRAAT: If a person is unable to pay their fine, they can approach us for the time to pay arrangements. Failing that, then there is a range of sanctions, including loss of licence, et cetera, and community service orders.

CHAIR: I am aware that various organisations, on behalf of other people heavily fined, sometimes seek intervention and get it from your department.

Mr ACHTERSTRAAT: When you say "intervention", Reverend Chair, are you talking about time to pay?

CHAIR: Yes.

Mr ACHTERSTRAAT: Yes, we have a program where if people are able to share with us their capacity to pay, we can negotiate a time to pay arrangement for them.

The Hon. ROBYN PARKER: Minister, in 2004-2005 \$340 million was budgeted to be collected from vendor duty. How much was actually collected?

The Hon. MICHAEL COSTA: I think that was asked last night actually from memory. I am advised it was not. So he will answer it.

Mr ACHTERSTRAAT: The revised budget for the vendor duty is on page 3.12, which is an amount of \$340 million and the amount collected last year was marginally above that.

The Hon. ROBYN PARKER: How much?

Mr PIERCE: Those figures will come out in the State accounts at the end of October.

The Hon. ROBYN PARKER: Given that the housing sector was weak in 2004, how much purchase of transfer duty was collected in 2005-2005?

Mr PIERCE: Again, there is a revised estimate on that table of a tad over the \$3 billion that was the amount that was projected at the time we put the budget together some months before the end of the financial year and the actual value of collections will be in the State accounts.

The Hon. ROBYN PARKER: So you are not going to provide - what did you say, the revised--

Mr PIERCE: These numbers are the revised estimates for 2004-2005 that are made at the time that the 2005-2006 budget is being put together and we have actual collections up to - certainly up to the end of March. So embedded in this revised estimate is a forecast for the last couple of months of the financial year. The actual amount will come out in the State accounts at the end of October.

The Hon. ROBYN PARKER: Could you tell us what was the budget outlay for First Home Plus concessions in 2004-2005?

Mr ACHTERSTRAAT: First Home Plus, a total of 35,855 first home purchasers qualified for the First Home Plus concession and the total concession was \$353.6 million.

The Hon. ROBYN PARKER: So what is the estimated outlay for the scheme in 2005-2006?

Mr ACHTERSTRAAT: I might have to look at the tax expenditure.

Mr PIERCE: This is First Home Plus scheme 2005-2006, is that the one you are looking for?

The Hon. ROBYN PARKER: Yes.

Mr PIERCE: I think it is \$394 million.

The Hon. MICHAEL COSTA: That is an estimate.

Mr PIERCE: Which is subject to an estimate.

The Hon. ROBYN PARKER: Given that that was going to be funded by the vendor duty, how is it now going to be funded?

Mr PIERCE: It will be funded out of the rest of the revenue, so the rest of the budget. So it is just like any other tax concession or expenditure item.

The Hon. ROBYN PARKER: How are you going to pay for that scheme? Are you planning to raise taxes?

The Hon. MICHAEL COSTA: Mr Chair, it has been explained, we have revenue that comes in and we use that revenue from a variety of sources and it has been indicated that the Government will meet its obligation in terms of its announcement through its general revenue take.

The Hon. ROBYN PARKER: Minister, I wonder if you could just enlighten me in terms of your view on Infrastructure. What sort of things does that include, it includes roads?

The Hon. MICHAEL COSTA: I do not know. Do you want me to define infrastructure, do you?

The Hon. ROBYN PARKER: Does it include roads?

The Hon. MICHAEL COSTA: Do you want me to define--

The Hon. ROBYN PARKER: Does it include roads?

The Hon. MICHAEL COSTA: I am not in a court of law here. You have asked me to advise you on what Infrastructure is and I am not going to go through that. Infrastructure is broadly the items that are included in Budget Paper No. 4. That is the easiest way to define it in terms of what the State does.

The Hon. ROBYN PARKER: So that would include things such as roads and bridges I would assume.

The Hon. MICHAEL COSTA: Budget Paper No. 4 is there. Have a look at it.

The Hon. ROBYN PARKER: Minister for the Hunter, Finance and Infrastructure, can you detail what money has been spent on maintaining Swansea Bridge over the last decade?

The Hon. MICHAEL COSTA: As I said, that is probably better referred to the Roads Minister. You have asked me this three or four times in question time. It is just a waste of time. I know you have been trying to scrape questions off the floor in the last 15 minutes, but this is pathetic.

The Hon. ROBYN PARKER: Did you sell a parcel of land on the north side of the bridge, did the Government sell that land?

The Hon. MICHAEL COSTA: I suggest that be referred to the specific agency. That is the appropriate place for that question to be directed.

The Hon. ROBYN PARKER: What lobbying are you doing to your relevant Ministers then as Minister for the Hunter on behalf of the residents of Swansea who need a bridge that works?

The Hon. MICHAEL COSTA: This question was asked in question time. It has been canvassed on three or four occasions now. I do not intend to add any more to it. You have run out of questions, have you?

The Hon. ROBYN PARKER: No, you are just not providing answers. What is the point?

The Hon. MICHAEL COSTA: I do not provide the answers that you want because I provide the answers that are accurate and effective.

CHAIR: Mr Pearce, do you have any further questions?

The Hon. GREG PEARCE: Just one. I think we have gone through the things we wanted to tonight. What is your relationship with the audit team in Premier's, Dr Mike Burdekin and Nigel Stokes?

The Hon. MICHAEL COSTA: Treasury is paying for them. They are in fact a team and I am chairing the meetings, I am chairing that group.

CHAIR: We do not have any questions from the Government. We do not have any further questions from the cross bench. We do not have any further questions from the Opposition. Minister, I thank you for your attendance. Could I just remind you before you leave, Minister, that there may be some questions on notice there and if so we would like the answers within 14 days.

The Hon. MICHAEL COSTA: I do not think I took any on notice. There might have been one, but I am quite happy to.

CHAIR: Can we say 21 days, Minister?

The Hon. MICHAEL COSTA: Yes, I think Treasury is okay with that.

(The Committee proceeded to deliberate)