

CORRECTED COPY
GENERAL PURPOSE STANDING COMMITTEE No. 4

Thursday 17 September 2009

Examination of proposed expenditure for the portfolio areas

TOURISM, HUNTER

The Committee met at 4.00 p.m.

MEMBERS

The Hon. J. A. Gardiner (Chair)

The Hon. M. J. Gallacher
The Hon. K. F. Griffin
Dr J. Kaye

The Hon. R. A. Smith
The Hon. H. S. Tsang
The Hon. L. J. Voltz

PRESENT

The Hon. J. L. McKay, *Minister for Tourism, Minister for the Hunter, Minister for Science and Medical Research, and Minister Assisting the Minister for Health (Cancer)*

Industry and Investment NSW

Mr B. Buffier, *Deputy Director General*

Tourism NSW

Ms L. Gray, *Executive Director*

Land and Property Management Authority

Mr W. Watkins, *Chief Executive*

CORRECTIONS TO TRANSCRIPT OF COMMITTEE PROCEEDINGS

Corrections should be marked on a photocopy of the proof and forwarded to:

**Budget Estimates secretariat
Room 812
Parliament House
Macquarie Street
SYDNEY NSW 2000**

CHAIR: I declare this hearing for the inquiry into budget estimates 2009-10 open to the public. I welcome Minister McKay and her accompanying officials to this hearing. Today the Committee will examine the proposed expenditure for the portfolios of Tourism and the Hunter. I refer witnesses, the audience and members of the media to my earlier statement about procedural matters, such as regarding the broadcasting of proceedings. All witnesses from departments, statutory bodies or corporations will be sworn prior to giving evidence. Minister, I remind you that you do not need to be sworn as you have already sworn an oath to your office as a member of Parliament.

WARWICK ARTHUR WATKINS, Chief Executive, Land and Property Management Authority, and

LYNDEL CHRISTINE GRAY, Executive Director and General Manager, Tourism NSW, sworn and examined:

BARRY BUFFIER, Deputy Director General, Industry and Investment NSW, on former oath:

The Hon. MICHAEL GALLACHER: Minister, do you agree with me that, looking at the format today, the Hunter really is deserving of more than just one hour evenly divided among the members who are present?

Ms JODI McKAY: I am happy to answer questions on the Hunter region at any time. I feel quite passionate about that region. I live there and, as I say, I am happy to answer questions on the Hunter region at any time.

The Hon. MICHAEL GALLACHER: Do you believe that it is such a large portfolio that it is deserving of more than just an hour?

Ms JODI McKAY: I think we had an hour for Commerce this morning as well. I certainly have nothing to do with setting the time.

The Hon. MICHAEL GALLACHER: But do you agree with me that it is important we keep our questions and answers to a minimum—

Ms JODI McKAY: I think I have answered your question.

The Hon. LYNDA VOLTZ: Point of order: It is inappropriate to ask the Minister about the times that this Committee has decided to allocate to certain portfolios. I ask that the member be directed to ask questions of the Minister that are appropriate.

CHAIR: The Hon. Michael Gallacher may proceed.

The Hon. MICHAEL GALLACHER: Minister, does the Government regard EnergyAustralia Stadium as a community asset?

Ms JODI McKAY: Yes.

The Hon. MICHAEL GALLACHER: Does the Government regard Newcastle Knights Limited as a community sporting team or as a private enterprise?

Ms JODI McKAY: Newcastle Knights Limited is an organisation that has a membership base, and therefore it is very much community orientated. Certainly as Minister I am very supportive of the Newcastle Knights team. I barrack for them, as I would hope you do. It has strong community support within Newcastle.

The Hon. MICHAEL GALLACHER: Therefore, I assume from your answer that you see it as a community sporting team rather than as a private enterprise?

Ms JODI McKAY: It certainly operates, from a governance structure perspective, as a private enterprise, but it certainly has strong community links. If you are in Newcastle and the Hunter region, you know how strong those links can be. I know that you live on the Central Coast. But it is certainly something that the community in Newcastle and the Hunter feel very strongly about.

The Hon. MICHAEL GALLACHER: How does the Government regard the Newcastle Jets—in exactly the same context?

Ms JODI McKAY: It has a very different ownership structure. But, again, it is very much valued by the community. It has a strong supporter base. My job is to make sure that both teams are treated with parity.

The Hon. MICHAEL GALLACHER: I am not clear on this. In a way, you see it as a community team, but you are not clear about where you see it in terms of being a private enterprise.

Ms JODI McKAY: I think I have answered your question. It is perhaps not what you wanted to hear, but I answered your question.

The Hon. MICHAEL GALLACHER: I do not think you have fully explained how you view it in terms of the approach you take. What is the annual total operating cost of the Hunter Venues Authority?

Ms JODI McKAY: I will have to seek advice and come back to you. What I could suggest to you is that you refer the question to the Minister responsible, who I believe is fronting one of these committees tomorrow. I am not the Minister responsible, so I would suggest that perhaps your question is best referred to him.

The Hon. MICHAEL GALLACHER: I take it you do not know?

Ms JODI McKAY: I am not the Minister that you should be directing that question to.

The Hon. MICHAEL GALLACHER: I understand that. But my question is: In your capacity—

The Hon. LYNDIA VOLTZ: Point of order—

Ms JODI McKAY: I have answered that question. I am not the Minister that you should be directing that question to.

The Hon. MICHAEL GALLACHER: Minister, is it correct therefore that you have a view with regard to the future growth of the Hunter Venues Authority?

Ms JODI McKAY: I have a view with regard to the Government's responsibility to operate what is a community venue in a way that benefits both teams and does not put undue financial pressure on the community to make good any losses that that stadium may see.

The Hon. MICHAEL GALLACHER: Where do you see the future growth of the Hunter Venues Authority?

Ms JODI McKAY: You probably do not know this. The Hunter Venues Authority certainly has carriage of EnergyAustralia Stadium, but it also has carriage of the showground facility, it also has carriage of the trotting track, and it also has carriage of the hockey centre. If you go back to the time when the legislation passed through the Parliament—and I am not sure whether you spoke on that—

The Hon. MICHAEL GALLACHER: I did actually.

Ms JODI McKAY: I know that the member for the Upper Hunter, who lives in the Hunter, certainly spoke on it. He had a very strong view, as did I do, about how that venue should be established. One of the tasks of that venue is obviously to look at a master plan for the precinct. It is an entertainment and sporting precinct that is located in Broadmeadow, and at this time it certainly does not meet the community's needs in a number of areas. For instance, it has a railway station close by that does not provide adequate pedestrian or cycling facilities and there is a lack of parking around the precinct. I think there is certainly opportunity for us to build what would be a world-class sporting and entertainment precinct in that whole area.

The Hon. MICHAEL GALLACHER: Minister, it is nice of you to give a précis in terms of the speech you gave in relation to it. However, what I asked you was: Can you indicate where you see the future growth of that organisation?

Ms JODI McKAY: I think I did answer your question—

The Hon. MICHAEL GALLACHER: No, you did not.

Ms JODI McKAY: I refer to my previous answer.

The Hon. MICHAEL GALLACHER: So you are not going to give any specifics in terms of where you see the future growth of the Hunter Venues Authority.

Ms JODI McKAY: I think the legislation when it was established certainly set a clear path for the Hunter Venues Authority's role over the whole of that precinct.

The Hon. MICHAEL GALLACHER: Can you explain where you see—

Ms JODI McKAY: I have answered that question.

The Hon. MICHAEL GALLACHER: In other words, you do not know. What is the projected annual revenue from the use of EnergyAustralia Stadium once the construction of the new western stand is completed?

Ms JODI McKAY: Again, I would refer you to the appropriate Minister.

The Hon. MICHAEL GALLACHER: Minister, I take it you do not know?

The Hon. LYNDIA VOLTZ: Point of order: As the Minister has pointed out a number of times, the issue does not fall within this portfolio. The member should be directing to the Minister questions that fall within her portfolio.

The Hon. MICHAEL GALLACHER: To the point of order: The Minister now before the Committee has been very vocal in the public arena on the issue of the stadium. She elects when she wants to answer things in a public sense. Today she does not want to answer them. I think it is important that we put on the record that the Minister is simply not prepared to answer the questions today but is prepared to do so whenever there is an opportunity publicly.

The Hon. LYNDIA VOLTZ: Further to the point of order: It is one thing to support a stadium and it is another to know the intricate details of another Minister's portfolio. The Minister has already pointed out that it is appropriate for this Committee to ask that of the appropriate Minister tomorrow.

CHAIR: I am sure Mr Gallacher will ensure that he is directing his question to the relevant portfolio.

The Hon. MICHAEL GALLACHER: Minister, therefore is it intricate detail to indicate to the Committee when the expected completion date of the western grandstand will be?

Ms JODI McKAY: I believe it is on track to be completed before the start of the 2011 rugby league season.

The Hon. MICHAEL GALLACHER: What month is that?

Ms JODI McKAY: I am not quite sure. I cannot tell you. I just know it is important that we get it ready so the Newcastle Knights can use the stadium for the start of the season.

The Hon. MICHAEL GALLACHER: When was the last occasion you spoke to the executive of the Newcastle Knights in relation to this matter personally?

Ms JODI McKAY: I had a meeting with the chairman probably five weeks ago.

The Hon. MICHAEL GALLACHER: Was that meeting primarily about the development of the site?

Ms JODI McKAY: No, it was about all manner of things. We discussed the stadium quite obviously but, as you would be aware, there are other issues in regard to the Knights' lease of that stadium. He has been in

active discussion with the Minister whose portfolio this falls within and, as Minister for the Hunter, I am there to meet with him—as I am to meet with all the other users of the stadium. But I would stress that any decisions actually rest with the Minister responsible for this portfolio.

The Hon. MICHAEL GALLACHER: When did you say the meeting was with the chief executive officer?

Ms JODI McKAY: I could come back to you on that date, but it was before I went overseas to celebrate my birthday and get engaged. It would have been the week before that. Probably four or five weeks ago maybe, but I can come back to you with the exact date.

The Hon. MICHAEL GALLACHER: That will be fine. Was that the original date when you said 2011? Was that the original date for completion or has that date been varied?

Ms JODI McKAY: No, that is the date we have said all along.

The Hon. MICHAEL GALLACHER: Would it be correct to assume that the date would be March 2011?

Ms JODI McKAY: Quite possibly, if that is the start of the rugby league season. I would say quite a few people may not know when the rugby league season starts.

The Hon. MICHAEL GALLACHER: I am sure there are probably other things happening in March that you might be aware of as well. How much will the completion of the western grandstand cost?

Ms JODI McKAY: The Government has committed \$50 million towards the project, and the Federal Government about \$10 million. We are currently working with the Hunter Venues Authority. I had a meeting with the Minister responsible recently because the Hunter Venues Authority, as has been reported a number of times in the *Newcastle Herald*, has identified that there could be a shortfall in funding.

The Hon. MICHAEL GALLACHER: I think it is fair to say, Minister, that you are well and truly involved in this project, given the answers you have provided today.

Ms JODI McKAY: I am a very passionate supporter of the Jets and the Knights. I am a very strong supporter of my community having a facility that is world class and that, I hope, will form part of the Australian bid for the FIFA World Cup. So it will be a world-class stadium that we can feel very, very proud of.

The Hon. MICHAEL GALLACHER: I asked you a very clear question. Given the answers that you have provided today, is it fair to say that you have been very much involved—and continue to be very much involved—with the finalisation of this project?

Ms JODI McKAY: And I refer to my previous answer.

The Hon. MICHAEL GALLACHER: You did not answer the question.

Ms JODI McKAY: I did answer.

The Hon. MICHAEL GALLACHER: You spoke about your love of sport. I asked you—

Ms JODI McKAY: Unfortunately, it may not be the answer you want but it is the answer I gave about my commitment to both teams and to the community, and to seeing a world-class stadium completed. That is my job as Minister for the Hunter. I am happy to provide you with a précis of what the role of the Minister for the Hunter is, if that helps you.

The Hon. MICHAEL GALLACHER: Given your commitment to the Newcastle Knights in particular, as the member for Newcastle and the Minister for the Hunter what approach will you take if arbitration does not succeed and the public comments that have been made about the Newcastle Knights being forced to play games elsewhere come to fruition?

Ms JODI McKAY: Sorry—if arbitration is not successful?

The Hon. MICHAEL GALLACHER: Yes.

Ms JODI McKAY: What was the next part of your question?

The Hon. MICHAEL GALLACHER: The public comments that have been made in the media locally, as you would be aware, are that it may well force the Newcastle Knights out of EnergyAustralia Stadium on some games.

Ms JODI McKAY: I do not think that has actually been canvassed publicly, but—

The Hon. MICHAEL GALLACHER: It might have happened while you were away.

Ms JODI McKAY: No, as I said to you, as I am an avid supporter of both teams and certainly want to see a world-class stadium, I do stay up with what goes on. I think the important thing here is that this process is now being arbitrated. We went through a mediation process—the Premier announced during the Hunter Community Cabinet, I think it was, that we would be going down that path. I think it is important to keep in mind that this issue has been a longstanding issue in Newcastle and it definitely needs to be resolved. It is one that affects the sporting teams who use the stadium and it certainly affects the financial viability of the stadium. What I do not want to see is a white elephant of a stadium in the future—and I do not think anyone in the community wants to see that either. So there is a delicate balance for us in determining how we work with both teams and other users of the stadium.

The Hon. MICHAEL GALLACHER: But I asked: What contingency plan do you have in place should the Knights not be able to—

Ms JODI McKAY: It is not, as you well know—

The Hon. MICHAEL GALLACHER: Point of order: The Minister may well be able to look into the future but she is now trying to pre-empt what I am going to ask her. I think you should have the decency to let me ask the question.

CHAIR: Proceed.

The Hon. MICHAEL GALLACHER: Minister, what contingency plan do you have in place should arbitration not be successful and the Knights are forced out of EnergyAustralia Stadium and have to play games elsewhere?

Ms JODI McKAY: What I am going to say is that I will not pre-empt any finding by the arbitrator in this matter. I think it is really important that he be allowed to work with both the Hunter Venues Authority and the Knights to determine an outcome that is of benefit to the community. There is a number of issues that have been put on the table that need to be arbitrated, and I am very supportive of the arbitration process.

The Hon. MICHAEL GALLACHER: As the most senior member of the Government within the Hunter, will you hold yourself accountable irrespective of the outcome of the arbitration?

Ms JODI McKAY: I hold myself responsible if we have a stadium that is a white elephant—that is, shut up and no-one can use it because it has no income. As you well know, the Knights now owe the Hunter Venues Authority around \$1 million. It is a very delicate situation and that is why the Government has gone down the path of asking, firstly, for mediation to occur, which was not successful; and then for an arbitrator to actually make the final decision on a number of issues that have been put as part of this process. As I have said to you, I am very supportive of that process because at the end of this the referee's decision will be final.

The Hon. MICHAEL GALLACHER: Minister, when did the Minister responsible—as you keep referring to—meet with the boards of the Newcastle Knights or the Newcastle Jets?

Ms JODI McKAY: You would have to, as I have said, direct that question to the Minister responsible. I do not keep his diary.

The Hon. MICHAEL GALLACHER: So you do not know.

Ms JODI McKAY: I do not keep his diary.

The Hon. MICHAEL GALLACHER: I move on to another issue. I understand that, following extensive media discussion, the issue of the Wickham to Newcastle rail line as part of the whole redevelopment of Newcastle is now before Cabinet. Is that correct?

Ms JODI McKAY: No.

The Hon. MICHAEL GALLACHER: It is not correct?

Ms JODI McKAY: No.

The Hon. MICHAEL GALLACHER: What is the situation, as you see it, with regard to the position of the Government?

Ms JODI McKAY: I think what I would like to say to preface your line—because I am sure that Dr Kaye has a completely different view from you on this particular issue—is that this is not about a rail line. It is actually about the revitalisation of the city. I think if you were to focus on one particular catalyst project that was identified within the Hunter Development Corporation report you would not be doing the revitalisation of Newcastle any justice. I presume that even though you live on the Central Coast you actually have been to Newcastle recently. You would have seen that there are around 80 to 90 derelict buildings within Newcastle. So the process that I have undertaken as Minister is to try to ensure that, as the second city of the State, Newcastle has a demeanour, approach and environment that is certainly reflective of that.

So a lot of work has been done. The transport connections, the rail line, is one part of that. It was one catalyst project that was identified within the Hunter Development Corporation report. With regard to where the Government is up to, the Premier indicated at the job summit return a couple of weeks back that we would be handing over Crown land to the University of Newcastle to enable the education precinct to proceed. That is about bringing 7,000 students and 1,000 staff into the inner city. I hope you would support that project because it is one of the important catalyst projects identified within the report. The Premier also indicated that there would be a further scoping study that would be done to determine the best transport option for the inner city.

The Hon. MICHAEL GALLACHER: We have not had enough studies, have we? What is your position on the Wickham to Newcastle railway?

Ms JODI McKAY: My job as the member for Newcastle and the Minister for the Hunter is to make sure that I am there advocating for my community.

The Hon. MICHAEL GALLACHER: What position do you take in advocating for your community? It is very important, and we are running out of time. What is the position you advocate?

Ms JODI McKAY: I am happy to answer your question if you would stop interrupting me.

The Hon. MICHAEL GALLACHER: I am trying to assist you.

Ms JODI McKAY: Interrupting me is not assisting me. There are so many different views on this. It is one issue that arouses deep passion within the Newcastle community either way. We asked the Hunter Valley Research Foundation to conduct an independent survey of the lower Hunter. As part of that, most of the catalyst projects or all the catalyst projects received support above 90 per cent in terms of their ability to be a catalyst project in the revitalisation. The rail line also received majority support, about 65 to 70 per cent support. But the Government believes that it is very important that we look at the transport option now. Keep in mind that the Hunter Development Corporation report was never about looking at the transport connection, it was about understanding what needed to be done to revitalise the inner city of Newcastle. The work that is being done now, the scoping study, is about understanding the best transport option.

Dr JOHN KAYE: To pick up on that issue—

Ms JODI McKAY: I thought you might want to.

Dr JOHN KAYE: I do have other questions to ask you, Minister, but I thought we would strike continuity. Is it correct that 507 residents of Newcastle, Lake Macquarie, Maitland, Cessnock and Port Stephens were surveyed?

Ms JODI McKAY: Yes.

Dr JOHN KAYE: And a variety of questions were put to those residents of the lower Hunter area?

Ms JODI McKAY: Yes.

Dr JOHN KAYE: Yet the data that has been released is in a highly summarised form. What is the reason for that?

Ms JODI McKAY: Do you have the whole Hunter Valley Research Foundation report?

Dr JOHN KAYE: That report has not been released.

Ms JODI McKAY: Yes, it has. The report has been released. I have the report here. I am happy to give you a copy of the report.

Dr JOHN KAYE: Does it include the complete set of responses and complete data on the responses?

Ms JODI McKAY: Yes. It was released on 24 July. I am happy to leave this copy with you.

Dr JOHN KAYE: That would be great, thanks very much, Minister.

Ms JODI McKAY: You are welcome.

Dr JOHN KAYE: As you have mentioned, you have announced that there will be yet another transport study of options for Newcastle. Are you prepared to provide to the Committee the details of that particular study? Who will conduct the study? What are the time frames? Will the report be released publicly? What sort of consultation will occur? What are the terms of references?

Ms JODI McKAY: Those issues are being worked through by the Minister for Transport and my office and it will be a document prepared for Cabinet. So, no, I am not prepared to release it to you.

Dr JOHN KAYE: I understand why you would not want to do that. When the document has passed through Cabinet, will we then see all the information? Will we see who is going to conduct the study and the time frames or will it be a Cabinet-in-confidence report?

Ms JODI McKAY: I do not want to pre-empt any Cabinet decision. I would think that would be part of Cabinet's consideration.

Dr JOHN KAYE: The jury or the Cabinet is still out on that issue. In relation to Federal funding to help revitalise the Newcastle CBD—as the New South Wales Government has announced it will do—is a submission being prepared to the Federal Government for funding?

Ms JODI McKAY: We have indicated that the Hunter Development Corporation renewal report will form part of any submission that we make to the Federal Government. If you had read the report, you would understand that the report recommends that the rail line be pulled back to Wickham. However, there is certainly disparity in the costs that are recommended.

Dr JOHN KAYE: Which report are we talking about?

Ms JODI McKAY: The Hunter Development Corporation renewal report. If you have not read that report, I am prepared to give you a copy of that as well.

Dr JOHN KAYE: No, that one is a public document. I am aware of its publication.

Ms JODI McKAY: That document indicates a disparity in the costs. Parsons Brinckerhoff put the cost at around \$150 million whereas RailCorp has put the cost at about \$650 million. Yes, we are embarking on another study. But anyone in business would tell you that the sensible approach is to understand the true cost of a number of options that have been put forward for consideration by the report. Until that work is done a submission to the Federal Government will not be complete. I have to say that part of the rationale for us contributing this Crown land to the University of Newcastle is about understanding the potential for us to be able to leverage Federal Government support for the university precinct. We are talking about 60,000 square metres of land, about 7,000 students and about 1,000 staff. While you are focusing on the transport option—and I certainly understand that is important—the submission to the Federal Government is far broader than that.

Dr JOHN KAYE: Can you make a submission to the Federal Government before you have determined the future of the Newcastle rail link?

Ms JODI McKAY: I think that is what I just said.

Dr JOHN KAYE: I am summarising it. You say that you cannot make a submission until you finalise—

Ms JODI McKAY: We cannot make a submission in relation to what we are seeking cost-wise until we know what the actual cost is. That work will be done as part of the scoping report.

Dr JOHN KAYE: I am a little unclear about the meaning of your answer. Is the submission being held over not only to determine the costs but also to determine what you are going to do with the rail line, or have you already determined what you are going to do?

Ms JODI McKAY: Again, you are focusing on the rail line. It is about the renewal of Newcastle. It is about a city that is one of the world's largest coal ports and has a population more broadly of about 600,000 people and a CBD that is in gradual decline. The report itself deals with the projects that are necessary, which all levels of government will need to support in order to revitalise the CBD. Keep in mind that this will require all levels of government working together. Newcastle City Council has been very supportive. They have worked with us on the task force and in putting the renewal report together. On the transport issue, their councillors have passed a motion that indicates that they would be supportive of pulling up the rail line if it were costed and fully funded. In general, people want to see the city centre renewed. They want to see a thriving, bustling heart of Newcastle again, something that we have lost over the last 10 years.

Dr JOHN KAYE: Taking my cue from you, I will leave the transport issue alone for a moment. You would be aware that the University of Sydney has for the first time in, I think, 50 years relocated its law faculty back to its main campus in Camperdown-Darlington. It is following an international trend to bring campuses on multi-sites back together again. Yet the University of Newcastle has just been given land in the Honeysuckle redevelopment area to move 7,000 of its students off its main campus. Why is it that the University of Newcastle is going against all international trends and all international understanding—

Ms JODI McKAY: I do not think it is all international trends.

Dr JOHN KAYE: —of how to maintain relatively low-cost structures at universities and how to maintain a sense of an integrated and operational campus?

Ms JODI McKAY: I would certainly refute your claim that it goes against all international trends because I think Sydney university and Newcastle university are very different. Sydney university is relatively close to the central business district of Sydney. The Callaghan campus is a bushland setting that is located to the west of Newcastle. There is very much a focus on attracting international students, and they want to be part of a central business district. The opportunity for us in terms of law lies with the Federal Government and the State Government in alignment about the State and Federal government court complexes, and also about the opportunity that exists to have the reading of law in a whole legal precinct within the inner city.

That is something that we have seen, in part, in Parramatta work very, very well. If you have been to the State and Federal government court complexes in Newcastle, in a Federal sense this security is abysmal, and I believe in terms of priority it is up on the Federal Government's list to do something about. From our perspective it is a heritage-listed building that prevents us from having a facility that can allow for modern-day court practices. The air conditioning at times does not work; there are limited courtrooms; there are no breakout

rooms; and it is very difficult for families who are there in a domestic violence situation. The Government has made a commitment and we have gone through a business case to look at a new court complex.

As I said, for a reason that I am truly thankful for, all the stars are aligned: we have the State Government, the Federal Government and the university, who are all interested in building a truly outstanding legal precinct in Newcastle, and that is something that, as the local member and the Minister, I am very supportive of.

Dr JOHN KAYE: Are you concerned that moving faculties out of the University of Newcastle into the Honeysuckle redevelopment precinct does not really target those areas of Newcastle that most urgently need revitalisation and they are putting them in an area which is probably not the highest target area for revitalisation?

Ms JODI McKAY: As you probably know, there has been no decision as to where to locate the legal precinct at this point.

Dr JOHN KAYE: I thought at this stage the target was the Honeysuckle precinct?

Ms JODI McKAY: Both the State and Federal governments have gone through a sites identification process—a business case. But those sites certainly have not been released publicly. I have certainly indicated, as the local member and the Minister for the Hunter, that I am very supportive of the legal precinct being around this, what is called, civic area of Newcastle, which, in part, takes in the Honeysuckle area. But one of the considerations we have is that if it was at Honeysuckle and you also had, for instance, the graduate School of Business and the library and the conservatorium located in the civic precinct, you cannot get students across the rail line currently; you cannot move cars or people across the rail line currently. That is part of the reason why Hunter Street is dying and part of the reason why we need to look at that connectivity issue. If you want further information, I am happy to hand over to the director general in regard to the general view about universities in cities.

Dr JOHN KAYE: If you could be brief, because I have a couple of other questions I would like the Minister to have an opportunity to answer.

Mr WATKINS: I would just like to expand on your question with respect to the campus construct of universities. The current Government has taken a very proactive stance with all universities in New South Wales to work with them because each of the universities is located on a combination of freehold-held land and also government land. So the response and the actions taken in Newcastle are commensurate with those actions that were taken across the State in working with the universities to try to help them achieve their goals and visions so that what we have in New South Wales is a mutually reinforcing and complementary structure of tertiary education where each of the universities is allowed to develop commensurate with its own constructs within the framework of land that is available. Some universities want to completely have a centralised campus. Other universities want to try to have an MIT and Boston university style of inner-city campus.

Dr JOHN KAYE: Having been a visiting academic at MIT, I do not think MIT wanted that. That is the evolution of MIT. I think most academics I have spoken to there would want to have a campus that looked a lot more like Harvard or Yale than what they have. But that is another story. Can you name a university in Australia that is currently seeking to decentralise itself into a multicampus university?

Mr WATKINS: There are none in New South Wales that are seeking to do that. The ones in New South Wales have inherited a multicampus structure on many occasions. They are looking at how they can best rationalise those and operate within the framework.

Dr JOHN KAYE: So you would agree with me, just to underline your point, that there is not in New South Wales a university that is seeking to do what the University of Newcastle is being lured into doing, which is to—

The Hon. HENRY TSANG: Can I just tell Dr Kaye that Macquarie University is now setting a city campus in the city?

Dr JOHN KAYE: I appreciate your contribution but my question was to Mr Watkins. Mr Watkins told us that there were none doing that, so you are contradicting the witness. Thank you for that contradiction, that is

very interesting. Can I now move to the issue of the vacant heritage buildings that will be left as a result of the moving of the current court complexes to the so-called justice complex that you are creating? Are you prepared to give an undertaking that those buildings will be preserved and the heritage values of those buildings will be preserved?

Ms JODI McKAY: I am happy to answer that question, but just in regard to the moving of the education precinct, nearly 85 per cent of respondents reported moderate or high support for the education precinct in this report, which I am happy to give you and I know you have not read.

Dr JOHN KAYE: This is the Hunter Valley Research Corporation—

Ms JODI McKAY: No, the Hunter Valley Research Foundation. There are a number of organisations that have similar-sounding names. This is the Hunter Valley Research Foundation.

Dr JOHN KAYE: This is the original survey?

Ms JODI McKAY: Yes.

Dr JOHN KAYE: How many of those were university management or university academics? Because while people might want that, the question is what impacts will it have on the university?

Ms JODI McKAY: The student council of the University of Newcastle has come out in support of this.

Dr JOHN KAYE: Thank you, but I just want you to talk about the future of the heritage buildings that will be left as a result of the moving of the courts complex.

Ms JODI McKAY: As I have indicated to you, there has been no decision as yet on where to locate the court complex. I think it will be pre-emptive of me to presume that that is going to occur. What I will say is that if—and I emphasise "if"—the court complex was to move to a different site, then a significant amount of effort would be put into ensuring that the heritage nature and, indeed, those buildings were looked after. What we have seen in Newcastle previously—and this was a legacy of the Howard Government, which sold the Newcastle post office to a private entity—is that there were no guarantees around that; there was no protection of that; and we have a post office building now that has been derelict for some 5 to 10 years.

Dr JOHN KAYE: Can you come back to us on notice as to whether that was the Hawke Government or whether it was—

Ms JODI McKAY: It was the Howard Government.

Dr JOHN KAYE: In my local area it was actually the Hawke Government that sold the post office. Minister, you are aware that between the draft and the final plan, population growth estimates for the lower Hunter grew from 120,000 to 160,000. You are also aware of a recent Land and Environment Court decision in relation to Catherine Hill Bay. A wide range of people are saying that the population estimates in the strategy are wildly inflated. You are also aware that a number of people are saying that the inflation of those population growth estimates is leading to some undesirable outcomes for the Hunter. Will you be pushing for a revision of the Lower Hunter Strategy in the sense of having another look at it?

Ms JODI McKAY: I am not aware of those claims; no-one has brought them to my attention. I am very supportive of the intention of that document.

Dr JOHN KAYE: And the consequences of that document in terms of current planning decisions?

Ms JODI McKAY: You would have to direct that question to the Minister for Planning. She is in the best position to answer it. I support the intent of the Lower Hunter Strategy in confirming Newcastle in the hierarchy of cities, identifying the number of people who are likely to work and live in the inner city, the number of jobs that need to be created, the availability of employment land and the quarantining of 33,000 hectares for conservation.

The Hon. HENRY TSANG: Can you please update the Committee on how the New South Wales Government is strengthening the skills base of the Hunter region?

Ms JODI McKAY: That is a fantastic question and I thank the member for asking it. It is important to note that the Hunter region has been recognised for its highly skilled workforce. The New South Wales Government supports that skills base, which has assisted the region to weather the full brunt of the global financial crisis. Obviously we also weathered closure of the front end of the BHP facility. A great deal of work has been done in the past 10 years in the Hunter region to diversify our focus on industry. Of course, that is very much about our skills base as well.

The member knows that New South Wales has the largest vocational education and training system in the country. We provide more than 1,200 qualifications across 130 TAFE campuses around the State and attract about 500,000 enrolments each year. The Government recognises the demand for skills and I am pleased to inform the Committee that the Hunter region is increasingly diversifying as a regional economy. That means that we need to widen our skills base. I recently attended the graduation of a group of young men from Tighes Hill TAFE, which is in my electorate. Those young men had participated in a pre-apprenticeship course in carpentry and construction. The course is an example of what the Government is achieving in the Hunter region. It was sponsored by the Government and 100 places were made available for people interested in undertaking courses in the automotive, building and construction, engineering and electrical fields. The course provided a steppingstone to an apprenticeship. These graduates will have excellent prospects in gaining employment as an apprentice because they will be able to demonstrate clearly to prospective employers a proven track record of relevant skills, experience and motivation.

The course provided those students with a range of core skills needed to work in the construction industry, including how to handle carpentry materials, tools and equipment, how to read and interpret plans and specifications and how to carry out the required measurements and calculations. They also gained real-world experience through placement with local construction businesses as part of the Hunter TAFE program. I am very proud of their achievements, as are their parents. One young man's grandfather encouraged him to do the course. That program demonstrates that the Government is looking at different pathways to encourage our young people to further their education and training.

There is no doubt that the global financial crisis has hit Australians hard. But we are certainly weathering it better than most other countries. The New South Wales Government is committed to providing even more training opportunities for people in New South Wales and the Hunter region. We believe that success in education and training lays the foundation for a sound and prosperous future. In December last year the region also received a boost when it was chosen as the site for the manufacture of the chassis for the Government's rollout of 150 bendy buses. The Volgren Company, the winning tenderer, announced that it would build a bus manufacturing plant at Tomago. That project will create about 250 new jobs. The Volvo chassis will be imported from Europe and the bus bodies will be designed, engineered and built in Newcastle. At a meeting with Volgren representatives I asked why they had chosen the Hunter for the new project. I was told that for them the Hunter offered a ready, accessible and skilled workforce that no other region in New South Wales could offer. We are renowned for our skilled workforce whether it be in boat building, engineering, train manufacturing or bus manufacturing.

I was also pleased recently to announce a Government contribution of \$32,000 to boost manufacturing and engineering skills in the Hunter. HunterNet Cooperative is a wonderful network of like-minded manufacturing companies. It will use the grant to build on the Hunter's strong manufacturing and engineering skills base. It is working with small and medium-sized businesses in the Hunter and is encouraging them to take advantage of opportunities to develop skills in metals, engineering, manufacturing and electro-technology. That project focuses on training the existing workforce in emerging sectors. It is bringing people together to provide specific skills for the region. The Government's aim is to ensure that appropriate skills development programs are available that will ultimately help local workers to secure employment. It will certainly help businesses to remain viable during these tough times.

The Hon. LYNDA VOLTZ: What is the Government doing to strengthen the Hunter's defence industry?

Ms JODI McKAY: When I talk about the diversification of the regional base, the defence industry is one area in which we are making great inroads. The defence and aerospace industry has become a major driver

of the local Hunter economy. The Government is certainly committed to supporting the growth of defence-related industries in regional New South Wales.

The Federal Government's Defence White Paper includes a commitment to purchase about 100 joint strike fighters. The New South Wales Government's goal is to maximise the opportunities for New South Wales—and, in particular, the Hunter—that will arise from the introduction of the Royal Australian Air Force's joint strike fighter project. The Premier recently announced that the Government is targeting 30 per cent of the Department of Defence onshore spend for New South Wales. To meet that ambitious target, we have adopted a strategy to create hubs around the State. Those hubs will focus on targeted defence projects in the medium and long term. It is pleasing for me as Minister for the Hunter to know that the first hub—the New South Wales Air Combat Capability Hub—will be established around RAAF Base Williamtown. That local facility already provides a large number of jobs and invests heavily in the area.

The Government has appointed John Blackburn as a specialist defence industry adviser. He will identify the opportunities that exist in New South Wales and help us to win major defence projects for this State. He is working with the defence industry, education and research institutions and government agencies to maximise the opportunities for New South Wales. As I said, this includes the establishment of the Air Combat Capability Hub in the Hunter. Mr Blackburn has met the many stakeholders in the Hunter region to progress that hub. An advisory council comprising representatives from the Federal Government, local government, TAFE and Regional Development Australia has been established as a result of Mr Blackburn's work and the Premier's original initiative. The council held its first meeting in Newcastle on 4 December. Its job is to coordinate initiatives and investment in the Hunter region that focus on the broader air combat capability at RAAF Base Williamtown.

The advisory council's job is to take forward initiatives to maximise job and business opportunities for the region and ways that the Government can position New South Wales to attract export opportunities such as the joint strike fighter maintenance for the Asia-Pacific. The need for such a coordinated approach was identified by key stakeholders and businesses at the Hunter defence forum in April 2008. From those initial discussions, with support from the New South Wales Government, the region is very much moving towards securing future defence projects.

I am pleased, as part of a very proactive approach, and through the work of the advisory council and John Blackburn, that the Government has committed in the early stages some \$100,000 to employ a project officer for the Hunter Defence Industry Strategy Centre, which is affectionately known as H-DISC. That project has been instrumental in leveraging \$2.9 million in funding from the Commonwealth Defence Materiel Organisation for the Hunter manufacturing schools pathways project. That is about providing the future skills the defence industry and the manufacturing industry will need to support this growing sector. Of course, those young people will be sourced from school and from TAFE. Again, I mentioned to the Committee the Government's commitment to making sure that those pathways are there. Support for the growth of defence industries in the Hunter is just one of the messages that the New South Wales Government is sending about its commitment to future jobs growth in what is—I think this Committee would acknowledge—a cutting-edge sector.

The Hon. KAYEE GRIFFIN: You spoke about education and training and about future growth in the defence industry in the Hunter. Can you update the Committee on the work that is being done by the New South Wales Government to support jobs in the Hunter region at the present time?

Ms JODI McKAY: I would be happy to, because it is important people understand the commitment the Government has to supporting jobs and investment in the Hunter. Earlier this month the Premier visited the region. He was responding to the ideas and suggestions raised during the Hunter jobs summit in May. Can I say how successful that initiative was from a State perspective and also for the Illawarra and the Hunter. The Premier announced a number of initiatives to support jobs and infrastructure development in the region. The sum of \$2.5 million will go to help refurbish the channel berth on Newcastle Harbour. This is to promote Newcastle and the Hunter as a cruise ship hub, which is another area the Hunter is diversifying into. There was the establishment of a smart grid task force to assist Newcastle to bid for clean energy projects and, in particular, the \$100 million Smart Energy Fund and initiative that the Federal Government has around this area. A grant of \$70,000 was given to Hunter Tourism to promote the Hunter as a premium business tourism destination. That is particularly relevant to the winegrowing area of the Hunter.

The Premier also announced approval for a major industrial park at Tomago that will allow Redlake Enterprises to construct around 130 industrial lots and a 23-hectare machinery manufacturing facility to be operated by WesTrac, creating around 1,000 construction and operational jobs. He also announced the expansion of Banlaw Pty Ltd, which is a Lake Macquarie firm that is utilising the Government's payroll tax incentive scheme. It will create some 36 new green jobs. I have already mentioned to the Committee the announcement the Premier made with regard to the land for the University of Newcastle. As I indicated, that is very much around the revitalisation of the city, providing the potential for jobs to be brought back into the central business district.

Importantly, the Government is also supporting families and workers and investing in infrastructure to boost employment. We are doing that by delivering the Federal Government's stimulus package. We are investing in Hunter growth industries. We are attracting tourists to the region. We are supporting research. We have the Hunter Medical Research Institute, the CSIRO, the Hunter Valley Research Foundation and a very strong research base at the University of Newcastle. We are encouraging local government to maximise apprenticeships and traineeships—that is important—and we are delivering a reliable electricity supply for a lot of these projects, the job-generating projects, that are going on in the region. Over the next four years the Government will invest \$62.9 billion in infrastructure. As the Premier has said time and again, it is the largest program of any State government in Australia, supporting an average of 160,000 jobs every year.

So it is important to know how the Hunter features as part of that major infrastructure spend. The Premier and the Minister for Health recently opened a new state-of-the-art Mater hospital. There is the upgrade of Maitland hospital emergency department. There are major building projects at a number of schools including Newcastle Special Purpose School, Dungog High School and Callaghan College, the Wallsend campus. There are major building projects at Muswellbrook and Newcastle TAFEs. There are new and continuing construction jobs in accommodation housing units. There are about 235 social and crisis accommodation housing units underway. There is the transport interchange and commuter car park at Morisset train station, the construction of a new police station at Raymond Terrace and the purchase of land for a new police station at Glendale. There is the third Hunter River crossing at Maitland, the Pacific Highway dual carriageway on the Bulahdelah bypass between Karuah and Bulahdelah, and there is Tillegra Dam.

The New South Wales Government is supporting businesses and communities in the Hunter to grow, invest and create jobs. I have mentioned some specific projects. On their own they are important for their local communities, but when you look at the massive spend that is going on in electricity infrastructure and water infrastructure in that region, it is significant. Over the last two years, business investment programs and services have assisted in attracting about 120 projects and over \$313 million in capital investment that has created over 2,100 jobs in the Hunter region. The Hunter Advantage Fund, which the Premier announced recently would be topped up with an additional \$3 million, has supported a range of companies in expanding and locating operations in the Hunter region. I am happy to run through those companies for you. It has enabled Tropic Asphalts to establish an asphalt manufacturing plant at Tomago. There is Master Masonry. There is Sandvik Mining and Construction, which has plans to establish a \$65 million super site at Heatherbrae, again securing 600 jobs. There is Ampcontrol, one of Australia's leading international suppliers of electrical and electronic products to the power, energy and mining sectors. That has expanded its transformer manufacturing facility and has established a corporate head office in the Hunter. Again, that has been with the support of the New South Wales Government—an investment of over \$19 million, with the creation of 94 new jobs.

The other initiative I have touched on briefly, and the Premier was pleased to announce one company would benefit from, is the payroll tax incentive scheme, which is also assisting companies to expand in the Hunter region. One example of this is Grant Elliott Security Services—a company that provides guard services and mobile patrols to a range of clients in the Hunter. Grant Elliott will create 14 new jobs over the next five years. When you put together all this investment, the incentive programs and the support of business that the Government is clearly putting into the Hunter region all the signals are there that the Government is going to continue to work with business and the community to attract jobs and investment to the Hunter region.

The Hon. LYNDIA VOLTZ: Obviously tourism is important to the Hunter region. What has been done to promote the cruise industry into Newcastle?

Ms JODI McKAY: This is an exciting area for Newcastle and the Hunter to get into. The Government recognises there are economic and social benefits in attracting cruise ships to the region. I have mentioned the \$2.5 million the Premier announced that will go towards the refurbishment of Newcastle port's channel berth, and that will help to promote the cruise ship industry in the Hunter. That is about working very much directly

with Carnival, which will have one of its cruise ships based in Newcastle port. Newcastle port, as I said, is the largest coal port in the world and it is very important that we are working to diversify the port's base. As the local member and Minister I feel very strongly about cruise ships. The channel berth will provide the facilities for the attraction of international day visits and navy ships. It is expected to grow the market for home basing and day and navy visits over the next five years. The estimated economic growth of this project in direct and indirect value is some \$51 million and it will potentially create about 96 direct full-time equivalent jobs on average over that five-year period.

The significant investment that the Government has made recognises the potential benefits for the Hunter's diverse economy. It builds on work that the Newcastle Port Corporation has underway through Cruise Hunter. The Cruise Hunter website has been launched. A conference will be held next week about how other industry can benefit from the cruise industry. I will say in closing that earlier this year the findings of the Cruise Down Under study were released. The study measured the impact of the cruise industry in Australia. The study found some \$2.3 million in benefits to the Hunter region in the year 2007-08 alone, so it is an industry that is very much leading the charge in seeing the Hunter's base being diversified.

CHAIR: I have some Tourism questions. Minister, I am sure you are aware that a number of other State governments have launched some tourism campaigns in conjunction with tourism, businesses and operators. For example, Queensland, South Australian and Western Australia have launched campaigns to encouraged Australians to spend their stimulus money holidaying in their respective States to look to the interests of local jobs. What did you and your department do to encourage the spending of stimulus money here in New South Wales?

Ms JODI McKAY: We did quite a lot actually. We had a number of short break campaigns. One initiative we had that worked very well for us was the Affordable Holiday campaign. With this particular campaign we actually teamed up with CountryLink. It was about acknowledging that despite the global financial crisis there was an opportunity for us to maximise the benefits for tourism in New South Wales. As part of that we promoted the \$1 child fare and there was a very pleasing result from that particular campaign, which ran for about four to five weeks. As I said, we have had a number of campaigns underway. How we actually work is that we have 13 regional tourism organisations and seven campaign zones. We actually partner with industry in those local areas.

We also support their initiatives. While we had the affordable holiday campaign, which was an initiative of ours, it is really important that in the new approach we are taking with tourism—and this is one of the underlying principles that we focus on now—we do not tell the regions what to do. It is really important that they tell us what support they require because they know their regions. They know how to promote their regions. As part of the new \$40 million tourism strategy we are putting some \$10.5 million into regional tourism over that three-year period. The support that we have been giving our operators, particularly our regional operators, has been very well received. But it is, I admit, a very difficult time for tourism, particularly given not just the global economic crisis but also swine flu, which certainly no-one could have predicted.

CHAIR: Have you done any evaluation of how much stimulus money was retained in New South Wales as a result of any of those campaigns?

Ms JODI McKAY: No, it is actually difficult to gauge what sort of stimulus money was retained but we can certainly provide you with the results of those campaigns, and I am happy to do that.

CHAIR: That would be appreciated. Are you looking to assess the success of other States' more creative campaigns, such as the one that was conducted with worldwide interest in Queensland, the World's Best Job campaign, and also the Tourism Queensland's Ultimate Auctions campaign? Do you have any plan to play catch-up with other States' campaigns for tourists?

Ms JODI McKAY: What I will say is that they were great campaigns and we worked very well with Queensland Tourism. There are certainly initiatives that we have coming up, which I certainly will not foreshadow here because they have not yet been announced. But one of the initiatives that we have, which is certainly attracting a lot of global attention, is in fact our Breakfast on the Bridge campaign. Now that has never been done before. It involves closing the bridge on 25 October and rolling out some 10,000 square metres of kikuyu grass. In the conversations that we have with our international team we have found that, because of the significant and iconic nature of the bridge, the campaign is attracting international attention.

It is about us thinking differently. It is about understanding how we can market not just Sydney but New South Wales. Again I would say to you that over the last 12 months we have had a significant reform process within Tourism New South Wales, which was as a result of the O'Neill review and the new direction that Tourism has been undertaking. It was done in consultation with the industry. We are putting our \$40 million on the table; they are putting their \$20 million. There is a lot of work being done. Part of that is establishing a Visit Sydney Unit within Tourism New South Wales.

There are a number of initiatives that we have announced certainly recently, but we are very much aware of the need to keep promoting Sydney. I think one of the lessons out of the Olympics was that most people thought that Sydney would just keep ticking along. What we now know is that we do need to keep promoting our global city, with initiatives such as Breakfast on the Bridge and the range of festivals that we now have such as Vivid, Vivacity and Crave. Crave is for the 31 days in October. Tourism is working very well with Events New South Wales, again to make sure that they are focused very much on the international market.

CHAIR: You mentioned the Breakfast on the Bridge. Can you tell us why it was downgraded from the original plan to have 20,000 patrons, including international tourists, enjoying the cuisine of Australia's leading chefs on tables and chairs for \$20 per person? Why was it downgraded so that it will now be a free ballot for 6,000 local people, who will bring their own food and drink and sitting on the kikuyu?

Ms JODI McKAY: Because of the innovative nature of this particular initiative there were a number of ideas that were canvassed earlier on and certainly some of what you mentioned was canvassed. This is the inaugural year and we want to make sure that it can work. We want to make sure that New South Wales residents experience it, which is why we have 6,000 lucky people, who will be the first in the world to enjoy this experience on what is an iconic landmark in Sydney. We will also have a further 402 tickets that we will make available as part of travel packages for tourists from overseas. The focus very much for us is making this work, about getting global attention, international attention, on our bridge and this extraordinary event and then looking at what the options are in the years to come. I actually believe that this has the potential to be probably one of the most significant events that we undertake in coming years.

CHAIR: You have not really told me how it got downgraded.

Ms JODI McKAY: As I said, a number of ideas were canvassed. I certainly would not say it was downgraded. The fact that it is free allows people who would not have been able to afford a \$20 ticket to actually attend, and that is really important. It has not been downgraded; it has been changed in terms of the original proposal, but so many ideas were canvassed as to how this could work. This is a breakfast on the bridge. There will be 6,000 people. They have until 21 September to actually put their name in and register. But, as I said, we believe this is a unique event. I might say that part of the thinking about making it a free event was also about encouraging people to bring family and friends. If you register and if you are successful you can then bring four family members or friends along as well.

I would certainly refute the claim that it is being downgraded. I think it will be quite sensational. I also believe it is really important that we talk Sydney up. Given that we have initiatives like this that do have global attention, it is important that we do not just focus on what may be the Opposition's perceived negatives. There are lots of positives about Sydney, and we are certainly very much about promoting that within the tourism industry.

CHAIR: Can you explain why there were about 20 overseas journalists flown in, all expenses paid, for the launch of the breakfast? Why will another 30 overseas journalists be flown in, again all expenses paid, for the actual breakfast, when now only local winners of the free ballot will be involved in the event? Is it true that it is proposed to expend about \$7 million on the event? What do you anticipate will be the estimated return to the New South Wales economy as a result of that investment?

Ms JODI McKAY: There are a lot of questions there. With regard to the budget, it is \$1.15 million for Breakfast on the Bridge. That is the budget for that particular event. You referred to the visiting journalists program. This is a program that Tourism New South Wales runs in conjunction with the industry. So it is very much supported by industry, and where possible we work with industry to share any costs. It has been an incredibly successful program in terms of maximising our spend versus what we have actually achieved in terms of global attention and global media. So it is a program that we intend to pursue.

CHAIR: When you add the indirect costs of agencies such as the Roads and Traffic Authority, the New South Wales Police Force and so on, and when we consider the gridlock that we will probably see with regard to our transport system on that day in Sydney, do you think that investment will be a net benefit to the economy?

Ms JODI McKAY: Most certainly. In terms of any agency costs, you would need to talk to the relevant Ministers in regard to that. You raised this issue earlier on. You raised the need for us to be doing innovative projects, to be getting global attention, and to be focusing the eyes of other countries on Sydney. That is what we are doing with this project. I acknowledge that it is different. But so was the Where the Bloody Hell Are You? campaign, and so was the Best Job in the World campaign. What we need to do is focus on making this campaign—like the Best Job in the World campaign—a success. That is what we are doing.

CHAIR: Minister, you have mentioned the cruise industry in Newcastle. I would like to ask you about the cruise industry in Sydney. Your colleague Mr Tripodi stated that Sydney is the only city in Australia that has two proper berthing facilities. Do you consider the temporary cruise facility at White Bay to be a proper facility?

Ms JODI McKAY: What I can talk to you about is how we are working with the cruise industry to promote the cruise sector. As Minister Tripodi has indicated, it is a temporary facility, and the Minister for Planning has also set up a task force that is engaging all areas of the cruise sector to look at what would be an appropriate home for the cruise sector in an ongoing way. I would certainly indicate that questions in regard to that infrastructure issue are perhaps best directed towards Minister Tripodi or Minister Keneally.

CHAIR: Yesterday Minister Keneally could not even tell us how long the lease would be. That is how involved she is. In August this year Ann Sherry, the Chief Executive Officer of Carnival Australia, said that all cruise infrastructure in Australia must be upgraded by 2020 to cope with growing consumer demand in the industry, which has grown in New South Wales by 35 per cent in the last two years. From a tourism perspective, what are you pressing your colleagues to do in relation to putting in relevant infrastructure?

Ms JODI McKAY: We have been working very well with Carnival Australia. Ann Sherry is on the steering committee I mentioned, the Passenger Cruise Terminal Steering Committee. It is chaired by the Sydney Harbour Foreshore Authority. It is very important that any decision the Government makes about infrastructure, particularly as it relates to the cruise sector, is done in conjunction with the cruise sector. That is what the objective of this steering committee that the Minister for Planning has established is all about.

CHAIR: As tourism Minister, what impression do you think the White Bay facility gives to overseas tourists when they visit here?

Ms JODI McKAY: I think that, more importantly again, it is about looking at the effect that Sydney has on tourists when they come through the heads and they see the Opera House and the Sydney Harbour Bridge.

CHAIR: That is fantastic. And then they get to White Bay and they say, "Where the bloody hell am I?"

Ms JODI McKAY: It is a temporary facility, as you have correctly identified, and there is a process that is about working with the industry to make sure that the appropriate long-term home is identified.

CHAIR: Minister, I would like to ask you a question that combines the Hunter and Tourism. Earlier you mentioned jobs in the vineyards area. A long-running issue there has been the state of the roads in and around Pokolbin. From both the Hunter point of view and the Tourism point of view, what are you doing to press the latest Minister for Roads to make sure that this topic is addressed? I do not know for how many decades the roads around Pokolbin have been falling to bits, but they are incredibly dangerous and unsatisfactory.

Ms JODI McKAY: I certainly take on board what you have said. I think that is the general feedback you get when you visit the area. That is the feedback I get as well. I was up there last week. A lot of the difficulty with these roads is that they are council's responsibility, and obviously they are currently outside council's ability to look at. We have, through the Department of Premier and Cabinet, been working very closely with Cessnock City Council and the Vineyards Association to look at what are the opportunities going forward to improve road conditions in the vineyards area. I agree with what you have said, but it is actually—

CHAIR: Are you putting up proposals to try to improve the situation?

Ms JODI McKAY: As I have said, it is a council responsibility, so we are working with them to try to look at what are the opportunities going forward. We are not walking away from this. We are not saying that it is council's responsibility. We are working—and we are doing this out of my Minister for the Hunter office—cooperatively with council and the Vineyards Association. There is a whole network of roads up there. If you ask every vineyard they will tell you that their road is certainly the most important project going forward. We need to know what Cessnock council's expenditure on roadworks is, we need to identify what council's forward planning has factored in, and then we will certainly be working cooperatively with council to look at what other opportunities exist going forward.

CHAIR: With respect to the Regional Tourism Partnership Funding Program, which is due to end in 2011, do you have any plans to keep that program running beyond that time?

Ms JODI McKAY: The partnership program we have entered into is obviously what the extra \$40 million in funding covers. Part of what we have tried to do is to work with the regional tourism organisations, as I have said, to identify what is the best way forward for them. Some of our regional tourism organisations are stronger than others, some have really impressive governance structures and are sustainable, and others are certainly lacking in those areas. Part of the process that we have implemented through Tourism New South Wales is about working directly with the regional tourism organisations to, firstly, support them in funding, but also to help them grow as stronger regional tourism organisations. We obviously need to look at what the extra funding that we have committed has brought about. We need to look at the results. In terms of Tourism, in the State Plan we have committed to about 160.6 million visitor nights. That is our objective that we need to reach by 2016.

We are very much committed to identifying the best way to achieve that. We have a number of initiatives that also support our regional tourism organisations. I might ask the Executive Director of Tourism New South Wales to respond from a Tourism New South Wales internal perspective. But the way the board is structured, it actually has a regional reference group that sits off it and then there is a forum of regional tourism organisations to which we have given funding support to enable them to work together and share ideas and initiatives, particularly as they relate to their governance. Some of the issues they may have are certainly familiar to all of them.

CHAIR: That would be good. Could you also tell us which of the regional tourism organisations are in tier one and tier two?

Ms GRAY: Yes, I can. There has been significant additional money allocated to the regional tourism organisations, as the Minister said, under the tourism strategy—now over \$5.1 million per year, which is up \$3.5 million. What we are doing is providing the regional tourism organisations with the capacity-building resources to get themselves self-sufficient and then, very importantly, to be able to market alongside us. We now have three of the regional tourism organisations that have declared themselves as tier one—all the tier one category means is that they cover the cost of their operations within their own budget; they do not need any government support to be able to run their operations. Currently, those three regional tourism organisations are: the Central Coast, the mid North Coast and the Blue Mountains. There are other regional tourism organisations now actively looking at how they can structure their businesses to move into that category.

Dr JOHN KAYE: Minister, can you outline the nature of Tourism New South Wales' continued strategic alliance with News Limited and Seven Group?

Ms JODI McKAY: I might ask the Executive Director to enlighten you on that.

Ms GRAY: Sure, no problem at all. We currently have a preferred media partnership with News Limited. A couple of years ago we looked at a preferred media partnership for both television and print categories, and that is when we had a relationship with Channel 7. Initially we went into the partnership in the 2006-07 financial year. We entered into a 12-month partnership with the Seven Group and News Limited. That partnership was the first of its kind for a government tourism organisation. It was then extended for a second year. We then went into a tender process in June 2008, and News Limited was selected as the preferred media partner for the next two years under that process, which was very robust. So that is what is currently in place. The arrangement delivers value in addition to the direct expenditure by us in campaigns through all sorts of benefits that are negotiated.

Dr JOHN KAYE: To clarify, does the State of New South Wales currently have a strategic alliance with the Seven Group?

Ms GRAY: No, we do not have a preferred media partnership with the Seven Group.

Dr JOHN KAYE: So we have no electronic broadcast preferred partner.

Ms GRAY: There is no preferred partner but we negotiate and work with all the media companies through the Government's media buying agency, MediaCom, to get us the most effective buy across the networks that best reaches our target audiences.

Dr JOHN KAYE: But in print we have a relationship with News Limited.

Ms GRAY: We have a preferred media partnership with News Limited, yes.

Dr JOHN KAYE: What is that worth to News Limited each year?

Ms GRAY: Can we take that on notice and give you the exact figures for that relationship?

Dr JOHN KAYE: Can you give us a rough estimate?

Ms JODI McKAY: We will take it on notice.

Dr JOHN KAYE: I presume we are talking here only about media buying; we are not talking about free media?

Ms JODI McKAY: In the partnership with News Limited?

Dr JOHN KAYE: That is correct.

Ms GRAY: The partnership entails both media buying plus additional editorial that they will give us to enhance the campaigns. To make our campaigns more effective they will give us additional presence within those publications as part of the negotiated arrangements that were done across all the print media parties in the State.

Ms JODI McKAY: For instance, there was a Short Breaks insert that we did quite recently.

Dr JOHN KAYE: In terms of preferred editorial treatment that you get in return for the media buy, what impact does that have on stories that you might give to Fairfax Media?

Ms JODI McKAY: As I said to you, it is primarily around the inserts. I am happy to give you one of these booklets. It is a booklet clearly identified as a tourism booklet: it focuses on the regions and it focuses on the festivals that are supported. There was one, as I said, quite recently on the Short Breaks campaign. I am happy to table the booklet.

Dr JOHN KAYE: That is good, but Ms Gray referred before to preferred editorial treatment.

Ms JODI McKAY: The editorial is in the booklet; it is the insert.

Mr WATKINS: So Short Breaks South Coast campaigns would be the combination of the editorial and the advertising that is put together as a holistic marketing package. That is all included.

Dr JOHN KAYE: Ms Gray, is the editorial content in those documents written by Tourism New South Wales personnel or by News Limited journalists?

Ms GRAY: In the inserts News Limited have written the editorial around it, absolutely.

Dr JOHN KAYE: So News Limited writes the editorial. You pay for the advertisements and you are paying News Limited journalists for favourable treatment, as it were, in the editorial writing—

Ms JODI McKAY: I am happy to provide you with one of the booklets, and that may help you to understand. It is a whole booklet that is clearly identified as tourism—

Dr JOHN KAYE: I see the booklets, Minister, and we understand. I am asking not about the finished product; I am asking about the process by which these are developed.

Ms JODI McKAY: I understand where you are headed with this and you actually have to understand—

Dr JOHN KAYE: Minister, again I am impressed by your prescience—

Ms JODI McKAY: Thank you.

Dr JOHN KAYE: —for the fourth time today I am impressed by your prescience—but I am asking a specific question about the relationship between one media outlet and Tourism New South Wales in respect of the construction of editorial content in material and the relationship between the buying of a New South Wales government department and the editorial content in that document.

Ms JODI McKAY: I think we have answered your question. I am happy to table the document or one of the inserts that clearly identifies—

Dr JOHN KAYE: Minister, you can table it but I actually still do not have an answer to my question, which I want Ms Gray to answer.

Ms JODI McKAY: That is the answer. They are clearly identified as a Short Break campaign or a campaign about the Blue Mountains. We have had numerous inserts over time and they do actually work very, very well.

Dr JOHN KAYE: Good on you.

Ms JODI McKAY: You are welcome.

Dr JOHN KAYE: Ms Gray, how was the strategic alliance developed? Was it developed by a tender process?

Ms GRAY: Yes it was.

Dr JOHN KAYE: Was that a public tender process?

Ms GRAY: Yes, it was. Media agencies were invited to tender for the business. It was independently evaluated through a panel that included MediaCom and the appropriate procurement. All of the media houses were given the opportunity to put on the table their best value from an advertising point of view. It was then awarded to News Limited.

Dr JOHN KAYE: In the tendering process was the issue of editorial content discussed at all?

Ms GRAY: It was, around the issue of best value for advertising buy. That is what determined the overall decision that was made, as well as how they could then take what the Government was investing in the campaign and enhance that and give us even greater value for the Government money so we got better return on investment.

Dr JOHN KAYE: So is that a yes or a no? Was the issue of—

The Hon. HENRY TSANG: That is your determination: yes or no. You can judge for yourself.

Dr JOHN KAYE: Henry, you will get your chance in a minute. I would just like to know whether the issue of editorial content was discussed in the negotiations.

Ms JODI McKAY: It is coming back again to where you were headed with this. I think if you have read any News Limited broadsheet recently you would understand that the Government does not receive any favourable treatment. This is purely about understanding what is the best way to promote regional New South Wales and Sydney and how we maximise our spend, which is also very much about leveraging industry dollars.

Dr JOHN KAYE: Thank you, Minister. I am yet again impressed by your prescience in where you think I am going with this. That is certainly your opinion—and I am interested in your opinion—but I actually want to go to Ms Gray and I want an answer to my question. Did the negotiations involve an agreement with respect to editorial content?

Ms JODI McKAY: The Executive Director will take that on notice. She cannot remember whether that occurred. If we are going to respond to this, we need to make sure it is accurate. So we will take it on notice and come back to you.

Dr JOHN KAYE: The Minister not only is prescient but also is capable of reading the mind of the Executive Director.

Ms JODI McKAY: I just had a conversation with her, as you clearly saw.

Dr JOHN KAYE: I ask the Executive Director, is the agreement between News Limited and Tourism New South Wales a publicly available document or is it held commercial in confidence?

Ms GRAY: It is a commercial-in-confidence agreement.

Dr JOHN KAYE: Did Fairfax tender for that job?

Ms GRAY: It was open to all media houses to tender. It was done by the Government via media agencies. All the houses were able to tender for this business.

Dr JOHN KAYE: Did they tender for the business?

Ms GRAY: I cannot—

Dr JOHN KAYE: You cannot recall?

Ms GRAY: No.

Mr BUFFIER: Cannot disclose.

Dr JOHN KAYE: You cannot recall or you cannot disclose?

Mr BUFFIER: I would think it would not be appropriate to disclose who submitted a tender.

Dr JOHN KAYE: Have you done any work to assess the implications of the exclusive arrangement with News Limited in relation to the coverage that tourism activities in New South Wales receive from Fairfax media?

Ms GRAY: It is not an exclusive arrangement; it is a preferred media arrangement. Through our visiting media program, we still very much work across all the media outlets in Australia. It is not exclusive. It is preferred.

Dr JOHN KAYE: How much of your paid advertising in print media is with Fairfax and how much is with News Limited?

Ms GRAY: I would have to take that on notice. We have partners whom obviously we work with on campaigns. I do not have that information.

Dr JOHN KAYE: Is there some Tourism New South Wales advertising with Fairfax?

Ms GRAY: Probably through partner campaigns, I imagine there would be. I will come back to you.

Dr JOHN KAYE: What is your total advertising budget?

Ms JODI McKAY: By advertising, do you mean promotion and marketing? How do you define advertising?

Dr JOHN KAYE: Your total placement of advertisements market. Your media buy.

Ms JODI McKAY: Our media buy?

Dr JOHN KAYE: Yes. What is your total media buy for the last 12 months?

Ms GRAY: I do not have it with me right now. I do not have the value of campaigns. You should also remember that we partner with a lot of industry and our campaigns have a big investment from industry partners as well as ourselves. We have our project budget.

Ms JODI McKAY: We will take it on notice.

Dr JOHN KAYE: I want a breakdown of your advertising buy in the print media between Fairfax and News Limited. Do you do an analysis of the coverage of tourism issues in print outlets in New South Wales? Does Tourism New South Wales analyse the coverage of tourism issues in print?

Ms JODI McKAY: Pure editorial content and stories that journalists would write?

Dr JOHN KAYE: Yes.

Ms GRAY: We have an active media-pitching program where we get stories generated about our destinations by working with media, as I said, across all the media outlets. We evaluate the equivalent advertising value of those.

Dr JOHN KAYE: Is that broken down by media outlet?

Ms GRAY: It is done as part of the process.

Dr JOHN KAYE: Would you provide the results of that analysis on notice?

Ms JODI McKAY: Yes. There is no problem with that. We should be able to do that.

Dr JOHN KAYE: Thank you very much.

Mr BUFFIER: Could I comment on one aspect?

Dr JOHN KAYE: Yes.

Mr BUFFIER: As Lyndel said, we do undertake a lot of cooperative marketing campaigns with other partners. To give you an example, our airline partnerships this year will be to the value of about \$9.2 million. Where those campaigns are, it could be in media all around the world and in Australia. We do not actually control all that through the preferred media partnership. We can give you a breakdown but it is going to be very long and detailed and complex.

Dr JOHN KAYE: Do you know where New South Wales public revenue money ends up?

Mr BUFFIER: Yes, we do.

Dr JOHN KAYE: Do you know what outlets and what advertising you are paying for or in part paying for?

Mr BUFFIER: Yes.

Dr JOHN KAYE: Do you know how much of that is News Limited and how much is Fairfax?

Mr BUFFIER: And how much is elsewhere in the world.

Ms GRAY: And how much is online and how much is television. We do a lot of media across a lot of different mediums.

Dr JOHN KAYE: That information will be useful for the Committee in its determination. Is it correct that there has been a 6 per cent downturn in overnight visitors in New South Wales over the last 12 months?

Ms JODI McKAY: I am happy to answer that. You are referring to the National Visitors Survey. The National Visitors Survey, which is conducted by Tourism Research Australia, shows that we had over 22.6 million visitors in the year ending June 2009. That means that New South Wales had the largest market share of domestic visitors at 33.6 per cent, compared with Queensland and Victoria, both of which welcomed around 16 million visitors and each held a 24 per cent market share. As the survey showed, there has been a drop in visitors right across Australia. I mentioned the global financial crisis, which has impacted on tourism, and the swine flu. Australia has experienced a 7 per cent decline in visitors in the year ending June 2009 compared to the year ending 2008. However, in saying that, New South Wales performed better than the national decline in total visitor nights. Our share of visitor nights increased. There are all sorts of ways you can measure tourism.

Dr JOHN KAYE: I am aware of that.

Ms JODI McKAY: But it is important that we talk in visitor nights because that is what we measure in terms of the State Plan—106 million visitor nights. Our share of visitor nights increased. Importantly, the number of nights spent by holiday visitors—versus friends and relatives or business travellers or any other way you want to measure it—was quite resilient. As a result, our holiday nights increased by two percentage points over that 12-month period. This is year on year.

Dr JOHN KAYE: In overall visitor nights there was a 6 per cent decline in New South Wales. It was a 7 per cent decline nationally and a 6 per cent decline in New South Wales, is that correct?

Ms JODI McKAY: No. As I said, year on year we have increased by two percentage points. These occur in a quarter but year on year we have gone up 2 per cent.

Dr JOHN KAYE: Our overnight visitors have increased by 2 per cent?

Ms JODI McKAY: No, the number of nights spent by holiday visitors.

Dr JOHN KAYE: I am talking about the total figure, which is what I asked for in the first place.

Ms JODI McKAY: Nationally it has fallen 8 per cent in holiday nights and we have fallen 5.7 per cent.

Dr JOHN KAYE: That is about 6 per cent, which is where we started. Some of that is an adverse effect of the global financial crisis. Some of that is a positive effect of the global financial crisis because people do not go overseas and are more likely to holiday in New South Wales—I would add editorially, probably to their benefit in some cases. Have you done an analysis of how much of that decline relates to net global financial crisis, how much relates to net swine flu and how much relates to other factors, such as a long-term decline? Have you done such an analysis?

Ms GRAY: It is a confluence of a whole range of issues, as you rightly point out. The global financial crisis, the swine flu and other aspects have all had impacts on tourism. Tourism Research Australia does ongoing research into the impact of these issues. Research-wise we have not specifically unbundled our performance. It is probably very hard to do to pull out exactly what is swine flu related and so on. All we are saying is that in a very tough market, we accept in tourism we are facing challenges at the moment. The activities we are doing to promote our destination as a holiday destination are appearing to have some impact because in holiday nights and holiday visitations we have won share in a very tough market environment.

Dr JOHN KAYE: Well done New South Wales. But my question was not about whether we are doing well; my question was whether you are doing any analysis. And the answer is you are not doing any analysis. Do you do analysis on how effective your campaigns are?

Ms GRAY: Yes, we do.

Dr JOHN KAYE: But that analysis does not in any way assess the impacts of these other issues. Let me put it another way. How do you do that analysis without also factoring in the other things that are determining numerical outcomes in the tourism industry in New South Wales?

Ms JODI McKAY: It is really difficult.

The Hon. HENRY TSANG: Minister, will you take it on notice?

Ms JODI McKAY: I will take it on notice.

The Hon. HENRY TSANG: Minister, can you provide details of how the New South Wales Government is investing in partnerships with airline carriers to strengthen the State's tourism industry? By the way, I was in the Hunter at the weekend and I could not get a hotel room. That is how successful your region is.

Ms JODI McKAY: That is fantastic to know. But it is not good to know that you did not get to stay there. As the Deputy Director General indicated, our airline partnerships are really important to us, as are all our industry partnerships, because our \$40 million is going to be backed by \$20 million from industry. We have worked very hard to secure promotional partnerships with airlines to attract more visitors to Sydney and New South Wales. The aim of these partnerships is to showcase the diverse experiences available in New South Wales while making it easier and more affordable for holidaymakers to visit the State.

This year we are planning to undertake combined campaigns with major airlines worth up to \$9.2 million in both the international and domestic travel markets. The New South Wales Government has successfully negotiated partnerships with carriers such as Qantas, Jetstar, Etihad and V Australia, and we are working to finalise others, including campaigns with carriers in some of our key international tourist markets including North America, New Zealand, Japan, China, India, the United Kingdom, Ireland, Germany, Italy and France.

One of the more successful partnerships was a promotional campaign run by Qantas Airways Ltd and Qantas Vacations in conjunction with the New South Wales Government. The aim of this particular campaign was to position Sydney as a great value-for-money holiday destination for the United States market and an alternative to what is a traditional United States summer vacation to Europe. If you talk to travellers from the United States they will tell you that they see Australia as such a long way away; they will tell you that it is much easier for them to go to Europe. So what we wanted to do was try to dispel some of those myths, particularly around the cost factor.

The campaign featured a \$999 Sydney holiday package and it ran from January to June 2009. The package included return airfares and six nights accommodation. Qantas reports that preliminary results show the campaign helped boost economy bookings by more than 10 per cent compared with the same period last year, keeping in mind, as we have discussed, that in that period we had a global economic crisis and we had the swine flu issue. We have seen year on year, despite all those potential difficulties, Qantas reporting that it has a 10 per cent increase in economy bookings.

Domestically we have also formed marketing partnerships with Jetstar, Qantaslink and with Virgin Blue, and that is about encouraging more holidaymakers from within New South Wales and interstate to take a short break in New South Wales. I have mentioned to the Committee the importance of the Short Break campaigns, particularly given the proximity of, say, the Blue Mountains, the Illawarra, the South Coast and the Hunter to Sydney. The Short Breaks campaign has been really important for us.

The Qantaslink campaign promoting the unique Lord Howe Island in June this year also netted record results for the World Heritage listed destination. We had a three-week campaign that offered accommodation and flight packages to encourage Sydney, Brisbane and Melbourne holidaymakers to visit Lord Howe Island between May and September. The response from that has been outstanding also. We have had more than a 200 per cent increase in seat sales compared with the same period last year. We are also working to strengthen

relationships with key airline carriers. At the 2009 Australian Tourism Exchange in Melbourne I had the pleasure of announcing a new three-year multimillion dollar partnership between Tourism New South Wales and Jetstar. That partnership will offer both parties great opportunities to expand and improve on our tourism campaigns. We will be focusing on a number of key New South Wales airports: obviously the Gold Coast because it is on the border, Ballina, Newcastle and Sydney.

Our joint campaigns, particularly in this first year, will continue to drive visitors to Sydney and the North Coast. For example, the first two campaigns of this partnership internationally have focused on the Japanese and New Zealand tourist markets, which are obviously key areas for Jetstar. We also know that in those particular markets adventure tourism, for example, appeals, and Sydney and the Northern Rivers both offer a fantastic array of outdoor activities such as waterskiing, surfing, parasailing and microlight flights. Another example of our work with key domestic airlines is the joint campaign between Tourism New South Wales, Newcastle and Gold Coast airports, and Virgin Blue. This was conducted earlier this year and it promoted a range of great value short-break holidays in the natural environment of the North Coast and the relaxed wine country of the Hunter Valley, and focused on visitors from Sydney, Melbourne and South East Queensland.

I am pleased to inform the Committee that we are also working to attract new airline carriers into New South Wales to open up new international markets and to increase competition along popular routes to ensure Sydney remains an affordable holiday destination. That is really important for us. In February this year Emirates airlines announced its new Airbus A380 service, with weekly flights increasing from 49 to 63. This expansion of services is expected to generate more than 125,000 additional inbound travellers to New South Wales each year, potentially injecting more than \$250 million into our economy.

Delta Airlines also launched new flights into Sydney from July this year, which boosted the New South Wales tourism and aviation industry considerably. That airline is expected to bring more than 50,000 additional inbound travellers to Sydney each year. Importantly, on that United States market we now have Virgin, Delta, Qantas and also United Airlines operating, particularly on the Los Angeles to Sydney route. We received about 2.7 million international overnight visitor nights last year—more than half the total number of international visitor nights to Australia. It means that we are still performing despite some obvious difficulties. Those international visitors spent more than 60 million nights in the State—up 6.5 per cent on the previous year. It is pleasing to know that New South Wales still has the leading market share position in Australia, attracting more than half the total number of international visitors, at 53 per cent.

New South Wales continues to maintain the nation's largest market share of domestic visitors and visitor nights over the year to June 2009—33.6 per cent and 30.1 per cent respectively. Over the year, New South Wales received more than 22.5 million domestic overnight visitors. Our airline partnerships contribute significantly to growing our tourism industry. They are successfully positioning us as an affordable and attractive tourist destination and they are helping to bring more visitors to experience all that our State has to offer.

The Hon. LYNDIA VOLTZ: Obviously business travel is high yield. What are we doing to attract business travellers into regional New South Wales?

Ms JODI McKAY: That is really important because I think that we have got a great focus, through Business Events Sydney and Events New South Wales, on what we are doing here in Sydney. But what we have tried to do over the last 12 months is also to support, in a more proactive way, business tourism in regional areas. It is an important part of the tourism industry in New South Wales. Last year our State captured about 42 per cent of international business visitors to Australia and 31 per cent of all domestic business visitors. Business tourism injected more than \$2.3 million into the State's economy, generating and supporting an estimated 16,700 jobs.

We recognise the importance of business tourism to Sydney, as I have said, and to regional New South Wales. That is particularly important, given those difficulties I have spoken about. New South Wales is a world-class destination. We have many attractions that certainly leave a lasting impression on business clients and their staff. That is why it is essential that we continue to highlight New South Wales as a destination for local and international businesses that are looking to host conferences, meetings and events.

We are also keen to raise the profile of regional New South Wales and the role that regions and their communities can play in hosting business events. In 2008 we had more than 230,000 business delegates that

visited regional New South Wales for conferences, exhibitions, conventions and trade fairs. That injected an estimated \$44 million into regional New South Wales. Those events also gave local tourism operators in regional areas a much-needed boost. Because it is all about supporting jobs right across New South Wales.

To support this endeavour, recently the Government launched a \$200,000 combined Tourism New South Wales and Business Events at Sydney campaign to encourage both domestic and international businesses to use meeting and conference facilities in regional New South Wales. That particular campaign will run through until March 2010. It will promote the great benefits of hosting conferences, meetings and events in greater western Sydney and regional New South Wales.

We have a wonderful array of events and settings. For instance, we have historical settings, such as Newcastle's Fort Scratchley, beachside resorts such as Peppers Anchorage in Port Stephens, and the Lake Crackenback Resort and Thredbo Alpine Hotel in the Snowy Mountains. In our regions, many organisers and attendees can find what is a truly unique experience, away from the day-to-day pressures of the city. There is obviously an added opportunity to participate in the activities that are unique to the areas they visit.

A number of regional spaces will also offer meetings delegates exclusive use of their venue, giving users all the benefits of a high-quality meeting space but in a more intimate and friendly environment. That is certainly one of the benefits of having a meeting or a function in a regional area. A key feature of our new partnership approach is a dedicated regional meetings website, which provides meeting planners with all the information they need to organise their events. This joint campaign will help New South Wales regional areas retain and increase its share of the business events and conference market.

Conference organisers will be able to book their regional event directly through Access New South Wales, which is a free event planning service provided by Business Events at Sydney. To date we have more than 50 regional venues that have already registered to participate in the campaign. In addition to this campaign, as part of the Hunter Jobs Summit report back earlier this month, the Premier and I also announced an additional three-week television campaign promoting the Hunter as a destination for business meetings, conferences and events. That campaign will help to retain and create new jobs for the Hunter region by promoting the region as an important business conference and meeting destination.

The campaign is a partnership between Tourism New South Wales and the Hunter Region Tourism Organisation. It is supported with targeted messaging for business publications and media. The campaign also includes tours for corporate meeting planners and online search engine marketing, further enhancing the region's ability to promote itself as a business event destination.

The Hon. KAYEE GRIFFIN: Minister, could you update the Committee on the implementation of the New South Wales Government's new Tourism Strategy?

Ms JODI McKAY: I am very happy to do because a lot of what we have been talking about today very much encompasses the whole of this new tourism strategy approach. The New South Wales Government launched a new Tourism Strategy in November last year, which was developed in close collaboration with industry. As I have indicated, the strategy is supported with an additional \$40 million to Tourism New South Wales over three and a half years, with industry expected to invest \$20 million over that same period.

The strategy sets ambitious targets for tourism in New South Wales, and I have already spoken about the targets—160.6 million visitor nights and \$19.2 billion in visitor expenditure by 2016. We know this is a critical time for New South Wales Tourism, particularly our industry players, in the light of difficulties such as global travel deterrents to which I have already referred. That is why as a government we are committed to doing everything we can to support this critical industry—an industry that supports approximately 158,000 jobs and contributes \$27 billion to the State's economy each year.

I am also pleased to inform the Committee that after an advertised expression of interest process, we appointed four new board members to the Tourism New South Wales board to help to drive this new tourism strategy. These board members bring with them a new, energetic, industry-focused leadership to the Tourism New South Wales Board, as well as years of experience in hospitality, service delivery and tourism. In addition to this, we have established three new industry reference groups—the Sydney Industry Reference Group, the International Industry Reference Group and a Regional Industry Reference Group, which I have already spoken to the Committee about.

These reference groups are made up of senior industry representatives who are very well regarded. They meet on a regular basis. The chair is a member of the board so they have direct input into the board, and they discuss important issues from an international, regional and local level. As well, they provide a very invaluable input to decisions made by the Tourism New South Wales Board. In June, as part of our new Tourism Strategy, I also announced the appointment of Christopher Gough, who will be the director of Visit Sydney—a new specialist unit we have established to support our efforts to promote and market Sydney in Tourism New South Wales. Mr Gough brings a wealth of experience to the role. He is the former general manager—marketing and sales—with Sydney's highly successful Bridgeclimb, and has an outstanding track record in tourism and marketing.

The role of the Visit Sydney team is to deliver marketing activities that connect Sydney tourism products with customers and to work directly with the tourism industry. Over the next 12 months, Tourism New South Wales is also leading trade shows and missions to key existing and emerging international markets including India, China, North America the United Kingdom and Europe. We are also offering support to New South Wales operators to participate in a number of Tourism Australia-led trade shows and missions. This includes markets such as China, India, Korea, South-East Asia, Japan, Latin America and Russia. The opportunity for New South Wales tourism industry representatives to attend these shows is supported by a new \$450,000 International Incentive Fund initiative that provides financial support for attendees.

Most recently we had approximately 23 tourism operators on a five-day Tourism New South Wales trade mission to India to showcase our State's unique destinations. It also connected with product managers and trade media from New Delhi and Mumbai. The funding program I have mentioned is about providing vital assistance to New South Wales tourism operators who may not otherwise have been able to gain access to key international markets. Having the opportunity to speak with industry and trade media in a foreign country certainly allows our operators to get a foot in the door of an international market, to build their networks, and to encourage more visitors to holiday in New South Wales.

I am pleased to inform the Committee that the Tourism Strategy also has a specific focus on regional New South Wales. Through the Greater Sydney Tourism Partnership Funding Program we are focusing on promoting the culture, heritage, shopping, dining and nightlife of our greater Sydney precincts. We have not done this before. Greater Sydney encompasses the Hawkesbury Valley, the Hawkesbury River, Penrith, Parramatta, Cabramatta, Sydney Olympic Park, Picton, Macarthur and Cronulla, for instance. We have focused rematch on the central business district [CBD], but we have not focused on the Greater Sydney Region. It is important that we do that. Each year for the next three years \$400,000 will be made available to support cooperative destination marketing campaigns, and \$100,000 will be allocated for grants to assist local precincts to promote events that have the potential to attract overnight visitors from outside of Sydney.

We are investing an additional \$10.5 million over three years to promote regional tourism and support our regional tourism organisations. That package represents an increase in the Government's support for regional tourism organisations. It is an increase from \$1.6 million to \$5.1 million annually to Regional Tourism Organisations [RTOs] through the new Regional Tourism Partnership Program. To date, some 74 campaigns have received funding and are being implemented through our 13 Regional Tourism Organisations. We are also supporting regional tourism by encouraging businesses of all sizes—from small to medium enterprises to global corporates—to consider holding their events and conferences in regional New South Wales, as I have already mentioned.

We have more than 230,000 business delegates that inject approximately \$44 million into our local economies. We have that new \$200,000 campaign that I mentioned between Tourism New South Wales and Business Events Sydney. Overall the New South Wales Tourism Strategy recognises the importance of the tourism industry to the future of the State and sets some clear, achievable goals to help grow what is a vibrant tourism sector in New South Wales.

CHAIR: That brings us the conclusion of the hearing. On behalf of the Committee, I thank you, Minister, for your assistance with our inquiry.

Ms JODI McKAY: Thank you, Chair.

CHAIR: I thank your officers for their assistance also.

(The witnesses withdrew)

The Committee proceeded to deliberate.
