

GENERAL PURPOSE STANDING COMMITTEE No. 4

Monday 28 August 2006

Examination of proposed expenditure for the portfolio area

LOCAL GOVERNMENT

The Committee met at 9.00 a.m.

MEMBERS

Ms J. A. Gardiner (Chair)

The Hon. A. Catanzariti
Ms S. P. Hale
The Hon. C. Lynn

The Hon. D. E. Oldfield
The Hon. C. Robertson
The Hon. P. Sharpe

PRESENT

The Hon. K. A. Hickey, *Minister for Local Government*

Department

Mr G. Payne, *Director-General, Department of Local Government*

Mr R. Woodward, *Deputy Director-General, Department of Local Government*

CHAIR: I declare this hearing open to the public and I welcome Minister Hickey and his officials to this hearing. At this hearing the Committee will examine the proposed expenditure for the portfolio of Local Government and before we commence I will make some comments about procedural matters.

Broadcasting of proceedings. In accordance with the Legislative Council's guidelines for the broadcast of proceedings, only Committee members or witnesses may be filmed or recorded. People in the public gallery should not be the primary focus of any filming or photos. In reporting the proceedings of this Committee, you must take responsibility for what you publish or what interpretation is placed on anything that occurs before the Committee. The guidelines for the broadcast of proceedings are available on the table by the door.

Delivery of messages. Any messages from attendees from the public gallery should be delivered through the chamber and support staff or the Committee Clerk. Minister, you and the officers accompanying you are reminded that you are free to pass notes and refer directly to your advisers while at the table.

Mobile phones. I remind everyone to please turn off their mobile phones.

The format of the hearing. The Committee has agreed to have a 15 minute break at 11 o'clock. Is that okay with you?

Mr HICKEY: I am very happy with that.

CHAIR: The return date for questions on notice. The Committee has resolved to request that answers to questions on notice be provided within 21 calendar days from the date on which they are sent to your office.

Mr HICKEY: Is that normal? Isn't it 28 normally?

CHAIR: It is whatever the Committee decides basically. Proposed issues for questioning, some Committee members may have submitted to you a number of proposed issues for questioning for this hearing. Are you familiar with that list?

Mr HICKEY: No, but it will be okay.

CHAIR: The swearing in of witnesses. All witnesses from the department, statutory bodies or corporations will be sworn prior to giving evidence. The Minister does not need to be sworn as you have already sworn an oath to your office as a Member of Parliament. So for the other witnesses, I will ask you each in turn to state your full name, job title and agency. I will start with Mr Payne.

GARRY PAYNE, Director-General of the Department of Local Government, and

ROSS WOODWARD, Deputy Director-General, Department of Local Government, sworn and examined:

CHAIR: I declare the proposed expenditure for the portfolio of Local Government open for examination.

The Hon. CHARLIE LYNN: My question is to the Minister--

Mr HICKEY: Madam Chair, if I may, can I make an opening statement?

CHAIR: Yes. Is it a brief one?

Mr HICKEY: Yes, it is very brief. The Local Government Act 1993 provides a framework for councils to deliver services to their communities. Councils have many functions and not all of them fall into my area of responsibility. I welcome to the opportunity to answer questions related to my portfolio. However, questions relating to issues such as the environment, land use planning and development, water or roads may need to be directed to my colleagues in other portfolios. Any questions in relation to planning will need to go to my colleague, the very Honourable Frank Sartor MP, Minister for Planning. Any questions related to country towns, water supply and sewerage programs would need to be referred to my colleague, the very Honourable David Campbell MP, Minister for Water Utilities. Any questions relating to funding for regional roads would need to be referred to my colleague the very Honourable Eric Roozendaal, Minister for Roads. Any questions relating to the environment would need to be referred to my colleague the very Honourable Robert Debus MP, Minister for the Environment.

CHAIR: It is good to know that they have all got a title change.

Ms HALE: There are degrees of honour.

Mr HICKEY: I think they are all very honourable.

CHAIR: Mr Lynn?

The Hon. CHARLIE LYNN: Thank you, Madam Chair. Minister, the Allen report and general observers of local government have all identified cost shifting as singularly the biggest threat to the sustainability of local government. What are you doing as the representative of local government to stop the constant cost shifting by the Carr and Iemma Government from all sources over to local government and thus relieving the State Government of their financial responsibilities?

Mr HICKEY: That is a very good question.

The Hon. CHARLIE LYNN: Thank you.

Mr HICKEY: May I say as Minister, I came in in September and the issue of the Percy Allen report was brought to my attention immediately. The cost shifting issues were something that was made very clear to me and that is why I was very pleased to sign the intergovernmental agreement with Canberra, the other States and the Australian Local Government Association, and I am working towards making sure that that agreement is fulfilled in each and every way.

The Hon. CHARLIE LYNN: Minister, is not cost shifting effectively the double taxing of the residents of New South Wales, who already have the highest taxes in Australia, and then requiring local government to implement charges and fees are against those who are paying the State Government taxes to undertake State Government transfer of responsibilities?

Mr HICKEY: Honourable Charlie Lynn, MLC, I have got to say that cost shifting is

something that this Government is trying to address. This Government has signed the intergovernmental agreement. We are serious about what we are doing, and as far as cost shifting, could you be more specific as to what areas you are talking about?

The Hon. CHARLIE LYNN: I will come to the specifics shortly, but would you give us an undertaking that you will stand up to your ministerial colleagues and tell them to stop the cost shifting across to the local government, and particularly the Minister for Planning, and if you will not, why will you not?

Mr HICKEY: As Minister for Local Government, and that is what I am, I am Minister for Local Government, I do stand up to my colleagues in Cabinet and I do raise the issues that are needed to be raised in regard to local government funding. It is something that I am very aware of. I am very interested in what you are talking about in regard to the very Honourable Frank Sartor.

The Hon. CHARLIE LYNN: Minister, in Budget Paper No. 3 at 13.1 it states that the department aims to ensure local councils are sustainable and deliver quality services to their communities. As I said before, how can this occur when you are continually shifting costs across to local government to such an extent that many councils are finding sustainability difficult, if not impossible, to comply with your Government's demands through cost shifting placed upon them, and what will you do about this, in view of the fact that you oversee the department that is specifically charged to ensure local governments are sustainable?

Mr HICKEY: Mr Lynn - sorry - Honourable Charlie Lynn MLC, may I say that since becoming Minister in September it has been a major issue across the whole of the local government area. If anyone has followed what I have done as the Minister they would realise that I have been very concerned about issues in local government. When we look at Federal funding for instance to local government, there has been a major decrease in funding from Federal Government to the local government sector, a decrease. In 1997-1998 population growth figures were taken out of the formula for the Financial Assistance Grants. That equated to \$171 million shortfall in today's terms.

At the beginning of August this year I met with all our council colleagues and the Federal Minister and I asked the Federal Minister to place the \$171 million, that population growth figure that was taken out in 1997-1998, back into funding for local government. He refused. The Liberal Minister at the Federal level refused to put the \$171 million back into the formula for the Financial Assistance Grants. I am quite disturbed by that, very disturbed, when the Financial Assistance Grants have been decreasing and the Federal Minister for Local Government is not looking seriously at the funding levels of the Financial Assistance Grants to the councils. That is one area that I am focussed on. I am focussed on trying to get more money to local government and that is something that I have been doing since becoming Minister.

If you think for a moment that cost shifting is just related to this Government, I do not think it is. It is something that has been long-term. As far as sustainable councils, councils have always had the ability to apply for a rate variation above the rate cap, and that is something I have been very clear about this year. We have allowed a certain amount of variations above the rate cap where they meet the criteria of the legislation. As Minister, I am very concerned about the Federal moneys that have not been forthcoming to local government, and I think, Mr Lynn, we should be lobbying the Federal Government to bring their Financial Assistance Grants back to the 1980 level. They are saying there is a \$2.7 billion shortfall of funding from the Federal Government to local government. That is a lot of money, \$2.7 billion, and it is something you should be very aware of and stop laying the blame at New South Wales when every other State is suffering the same problem.

The Hon. CHARLIE LYNN: Minister, I am talking about cost shifting, not blame shifting. In view of the fact that the other report shows that up to 25 per cent--

Mr HICKEY: Madam Chair, may I just correct that because--

The Hon. CHARLIE LYNN: Well, you are, you are blame shifting.

Mr HICKEY: We are not blame shifting. We are talking about sustainable councils across New South Wales and I take offence.

The Hon. CHARLIE LYNN: You are trying to shift the blame onto the Federal Government.

Mr HICKEY: Madam Chair, I take offence that I am answering questions for the honourable members and your members are not taking any notice of the answers that are being given.

The Hon. CHARLIE LYNN: Well, I am.

CHAIR: It is up to the members whether they take notice or not. Mr Lynn?

The Hon. CHARLIE LYNN: Thank you, Madam Chair. Minister, in view of the fact that the other report shows up to 25 per cent of councils in New South Wales are not sustainable and the fact that the Minister is the Minister responsible for the department, who in turn is responsible for ensuring that local councils are sustainable, why have you not ensured that such councils are sustainable, particularly when you are talking about long-term? This is long-term. After 12 years of Labor, we have got 25 per cent of councils not sustainable.

Mr HICKEY: I totally agree. We should be looking at making them more sustainable, and that is why I am lobbying the Federal Government to increase the Financial Assistance Grants back to the 1980 level. There is a \$2.7 billion shortfall. If you are going to talk about blame shifting, I think that is what you are doing right here today. You are blame shifting the shortfall of funding from the Financial Assistance Grants, which is Commonwealth pot, back to the State. I think we need to put the onus back fairly and squarely where it should be. The Federal Minister for Local Government has said very clearly he will not change the formula even though they have a surplus. They are budgeting a surplus this year of over \$10 billion and last year they had a surplus of \$13 billion. I think \$171 million out of that is just a penny in the bucket.

To bring the funding back up to 1980 levels, Jim Lloyd says the \$1.6 billion Roads to Recovery fills that shortfall. Back in 1980 there was a scheme called the Red Scheme that was far greater than \$1.6 billion, and we need to ensure that the moneys come back from the Federal Government to the State Government. They are the ones with the surplus. They are the ones that are squeezing the States and local government and crowing about surpluses that they have. I think it is about time we looked really at the problem and solved the problem and stopped trying to play politics with this game and sort it out.

The Hon. CHARLIE LYNN: Minister, you are blaming the Federal Government for the cutting of the Financial Assistance Grants by \$170 million, but I understand you have abandoned the Timber Bridge Repair Program and you have all but abandoned town and country water sewage schemes, putting hundreds of millions dollars back onto councils.

Mr HICKEY: Sorry, can you elaborate on that?

The Hon. CHARLIE LYNN: Have you not abandoned the Timber Bridge Repair Program?

Mr HICKEY: I have not abandoned anything.

The Hon. CHARLIE LYNN: I will come back to that in more detail later in the questioning.

Mr HICKEY: Madam Chair, just to answer that question, I think my opening statement answered that. I am the Minister for Local Government. I am in control of the 1993 Local Government Act and the Companion Animals Act, and that is it.

The Hon. CHARLIE LYNN: Minister I will come back to the other issues afterwards. I would like to go to Budget Paper No. 3 at 13.1. It is noted that the department contributes to the

development of sustainable local government that meets change in community needs by working towards certain results, and we will come back to the desired results in a moment, but as councils have been identified in the Allen report as being in danger of continued sustainability, have you and your department failed under this criteria of meeting change in community needs to ensure sustainability of local government? If you believe not, how do you justify your comments in light of the Allen report?

Mr HICKEY: What comments were they?

The Hon. CHARLIE LYNN: That the department contributes to the development of sustainable local government that meets change in community needs by working towards the results in 13.1 of Budget Paper No. 3?

Mr HICKEY: The Allen report has not been tested yet. The Allen report has 49 recommendations. Out of those 49 recommendations there are quite a lot of recommendations that go towards local government looking at implementing asset management plans, local government looking at financial sustainability and local government looking at what they are in control of. The Allen report is very critical of local government itself too, if you read the Allen report, and I would encourage you to sit down and read the Allen report and stop the rhetoric that has been stated in the media and read the Allen report in its full context.

The Hon. CHARLIE LYNN: One of the results sought to be achieved to develop sustainable local government to meet change in community needs is the reform of local government through implementing options aimed at ensuring councils are appropriately structured and operate strategically. Would you outline to the Committee what you and your department have done and what options you have implemented aimed at ensuring councils are appropriately structured and operate strategically?

Mr HICKEY: I think since coming to the ministry I have been very, very clear on what I have been mandating across the local government sector and that is the local government sector actually networking better, the local government sector working together as a group of councils rather than as individual local government councils and shires and trying to address the problem from within. That has been something that I have been pushing extremely hard. As a matter of fact, I have been saying that we should have sister city relationships between big metropolitan councils and rural councils. Just last week I was at Lachlan Shire where we signed an intergovernmental agreement - I did not sign it, I witnessed it - between Penrith Council and Lachlan Council. It is something that I am encouraging all councils to do: Share their resources amongst each other. It is the Australian way. It is the way that we are going to be able to allow rural councils to have good asset management plans, good planning systems, and it is great for skills shortage because in local government, if you do not know, we have a major skills shortage and that skills shortage can be addressed by councils linking together and utilising staff in rural councils and giving them a career path that addresses this problem. The friendship agreement between Lachlan and Penrith will allow the staff at Lachlan to be trained and skilled-up in the Penrith Council and Penrith Council staff to be able to go to Lachlan and look at the way that rural councils utilise dollars across their local government area and the way that they use their engineering techniques. This is a win-win for both sides, to be able to stretch the dollars further for Penrith and give Lachlan Council greater scope in addressing many, many problems, such as asset management.

We hear about issues with regard to asset management and cost-shifting. My argument with councils is: How do you know the scale of this if you have not got an asset management plan in place and how do you cost this if you have not got an asset management plan in place? I am encouraging that to happen by these friendship agreements. At the Ministerial Council at Adelaide I actually put a paper forward which asked - and it was agreed by all States and the Commonwealth - that we implement an asset management system that could be utilised across the whole of the nation, not just in New South Wales, have a standard one so that we know the true picture of the problem of sustainability and asset management, and that is something I am pushing, something I will continue to push and it is about having a standardised system so that councils can benchmark themselves against each other and know the true issue of cost-shifting, know the true issue of sustainability.

Also the department is doing performance reviews into councils - I think there are 29 completed and 11 incomplete at this stage. We are doing performance reviews across the whole of the government sector. It will take time to do. We have put money aside, which I think is \$20,000 this year plus staff, to do a performance review across all councils. We are trying to get that done so that we can have councils look at each other and compare each other. The data that comes out of that is being correlated so that the department and the Minister know very clearly what the issues are and how to address those issues and what papers and guidelines to put forward to help councils overcome those issues.

We are working hard to address many of these issues, we will continue to work hard and I have to congratulate my staff, my Director-General, Deputy Director-General and the staff below them. We only have 60 staff in our department and they are working tirelessly to address many of these problems. When you think about it we have a budget of about \$6 million--

Mr PAYNE: About \$9 million.

Mr HICKEY: About \$9 million, sorry about that.

Ms HALE: It is simply a 50 per cent error.

Mr HICKEY: That is easy for you to say. Now I have lost my train of thought. I have to say that my staff are working tirelessly hard and when you compare the Department of Local Government to the Local Government Association, which has virtually the same budget and virtually the same amount of staff, we are doing a hell of a lot to address many of these problems and we are not leaving it to someone else to do. We are trying to address the issues.

The Hon. CHARLIE LYNN: At 13.2 there are a number of key services provided by the department outlined that allegedly contribute to the department's criteria of development of sustainable local government and the need to meet changing community needs. These include conducting council better practice reviews, managing local government involving public private partnerships, facilitating strategic alliance between councils, implementing a compulsory councillor training initiative and drafting legislation, circulars and guidelines. In view of the Allen report clearly these criteria have not been successful. How do you intend to improve the situation of those councils identified in the Allen report as being in danger and what additional services will you and your department provide to these councils?

Mr HICKEY: Sorry, the Honourable Charlie Lynn, can you show me in the Allen report where it says these key services have not addressed the issue?

The Hon. CHARLIE LYNN: Well, it is clear from the fact that 25 per cent of councils are not sustainable. It is our view that in the Allen report these criteria have not been successful.

Mr HICKEY: These are new criteria. These are relatively new criteria, Mr Lynn.

The Hon. CHARLIE LYNN: If they are new criteria, Minister, how do you intend to improve it?

Mr HICKEY: Well, I think putting these criteria in does address the problem. We have got to let this happen. Madam Chair, how do I address the members of the Committee?

The Hon. CHARLIE LYNN: Charlie will be fine.

CHAIR: Just "Mr Lynn" or "Ms Hale"--

Mr HICKEY: Okay, I apologise. These key services are being provided by the department: Conducting council better practice review program. That is only relatively new, it has only been in 12 months, so to do the whole of the councils across the State, the 152 councils across the State, is going to take time. To correlate the information that comes out of those reviews is going to take time. To

find out what we need to address is going to take a small amount of time, to correlate the information and to do the reviews. Managing local government involved in public private partnerships is a relatively new committee where councils are going into public private partnerships. It has to be assessed. We are not saying whether they are good or bad for public private partnerships, we are looking at the whole process. Rather than to say whether it is good or bad, we need to look at it and see that it is open, transparent, et cetera.

As far as facilitating strategic alliances between councils, on 26 May this year we had a forum at the hotel at the airport - the Stamford I think it is - where all councils came to the networking seminar. We are trying to encourage councils to form strategic alliances with each other, share staff, share resources, program works, address many of the issues, which will allow savings and benefit to councils. As far as implementing compulsory training, that is something that came out of an inquiry at Brewarrina. I made the announcement that we would be training councillors after the 2008 election and ensuring that councillors are trained to a level that they understand the whole process. Drafting legislation, circulars and guidelines is something that has been ongoing forever and the department does that regularly. I could not tell you how many circulars and guidelines go out, but they are quite frequent and they do try to address the problems that are current.

The Hon. CHARLIE LYNN: Who will pay for the compulsory training that you just referred to?

Mr HICKEY: That is something that we are looking at. We are looking at how we are going to address that in 2008.

The Hon. CHARLIE LYNN: Would you give an assurance that councils will not have to pay for that? There is the possibility of cost-shifting again if councils have to pay for that. It is going to be compulsory training.

Mr HICKEY: If we are going to talk about cost-shifting, if councillors are trained to a level better than they are now, surely there will be cost saving in that.

The Hon. CHARLIE LYNN: Yes, but if you are making it compulsory as State Government, compulsory on local government, surely it is up to you to pay for it?

Mr HICKEY: This is something we need to look at further down the track. We are in 2006. This is something that we are going to implement in 2008. We look at the way this is costed, we look at the way this is rolled out across the State. If we are going to look at cost-shifting in this light then maybe we should be looking at the amount of seminars and so on that local government go to, if we are going to worry about a training program for councillors being rolled out across the State to the benefit of councils. This is something that is costing the department time and money, and working with the Local Government and Shires Association to implement, this is not something we are going to do straight off the cuff, this is something where we are looking to engage all the players in a way that is beneficial for local government, so to say that this is cost-shifting, it may well cost a small amount of money, but no more than any other seminar across the State.

Ms HALE: Minister, returning to the Allen report, what action is your department undertaking to work with the Local Government and Shires Association to analyse the report and to identify and implement solutions?

Mr HICKEY: We are working with the task force with the Local Government and Shires Association.

Ms HALE: But is that not a task force that deals only with infrastructure?

Mr HICKEY: We provide--

Ms HALE: There is an infrastructure committee, which I believe Mr Woodward is heading up?

Mr WOODWARD: That is correct.

Ms HALE: But what else are you doing?

Mr HICKEY: Well, I have also put together a ministerial advisory council to look at the issues on that council and I will give you a whole rundown on that. I have put together--

Ms HALE: This council is to specifically consider the Allen report?

Mr HICKEY: Madam Chair, can I answer the question, please?

CHAIR: Yes.

Mr HICKEY: As Minister for Local Government and with approval of the Premier we have set up the ministerial advisory council to provide critical advice on local government policy and operation issues. These issues may include, but are not restricted to asset management, infrastructure maintenance, local government finance and strategic alliance. The 13-member advisory council consists of four general managers, four councillors, three trade union officials, one co-opted member of the public, and is chaired by the Honourable Ernie Page, a former local government Minister. The advisory council members are the chair Ernie Page; Newcastle mayor John Tate; Dungog mayor Steve Lowe; Botany mayor Ron Hoenig; Blacktown councillor Kathy Collins; Waverley general manager Kim Anson; Canterbury general manager Jim Montague; Orange general manager Gary Stiles; Murray general manager Greg Murdoch; United Services Union, Ben Cruise; Development & Environmental Professionals Association, Ian Roberts; Local Government Engineers Association, Lou Oldfield, and PDP Australia, the member of the public, Paul Nankivell.

The Premier's Department requires remuneration for the members of government committees and boards to be set in accordance with the guidelines. These guidelines recommend a daily fee up to \$342 for the chairperson of the government board or committee and require the relevant Minister's approval if set within these limits. If a higher remuneration is proposed the Premier's approval is required. The Minister has approved remuneration at \$342 per full day to Ernie Page as chairperson of the ministerial advisory council. None of the members receive remuneration.

The advisory council was developed in consultation with the Local Government and Shires Association and the Local Government Managers Association. The advisory council had its first meeting on Tuesday, 4 July and a further meeting on 2 August 2006. It will continue to meet on a regular basis. At the 2 August 2006 meeting we discussed the issue of sustainability across the local government sector and how we will address that issue. That will be an ongoing issue and we will constantly address the sustainability of local government. That does go a long way to the heart of the Percy Allen report. The Percy Allen report is about sustainability.

I have put this group together. I am not influencing the group on what they discuss or what outcomes they have. As a matter of fact, I encourage them to meet without me being there, and I am wanting them to come up with solutions in local government to address the sustainability problem. So even though you talk about infrastructure issues and so on with the Deputy Director General, we are doing a lot and putting them together in groups to address the problem of sustainability across New South Wales and looking at ways of addressing the issues that were raised.

Ms HALE: With respect, Minister, I was talking specifically about the Allen report and the framework you are going to establish, asking whether you would be establishing a framework to work in conjunction with the Local Government and Shires Association, because as you would know, Minister, the Local Government and Shires Association is very unhappy with the ministerial advisory council, especially as there are no representatives of the Local Government and Shires Association on the council. They say that in fact they are not represented on the council and that since there is a State-wide body representative of local government in existence, it is not appropriate for you more or less to have sidestepped the association.

Mr HICKEY: I do not sidestep the association. As a matter of fact, I tell every conference I go to, whether it be the Local Government and Shires Association, whether it be a council, whoever it be, I have an open door policy. I have not precluded and I am not trying in any shape, way or form to take the Local Government and Shires Association out of any committee argument whatsoever but this ministerial advisory council is about councils themselves, from all parts of councils, whether it be union, whether it be elected representatives, whether it be general managers, of finding ways to address the problem. All these councils on the committee are Local Government and Shires Association members.

Ms HALE: But surely there should be room for a representative of the Local Government and Shires Association.

Mr HICKEY: This is a ministerial advisory council.

Ms HALE: Can you explain to me why there is no representative of the peak body representing local government in the State on this council?

Mr HICKEY: It is very simple.

Ms HALE: What?

Mr HICKEY: The Local Government and Shires Association has an open door policy to my office. They can come into my office at any time, any stage - open door.

Ms HALE: Minister, that is a very different consideration than being actually involved in the meetings that are held, in the recommendations that are made and the discussions that go on.

Mr HICKEY: That is your view. It is not mine.

Ms HALE: Will you be making the advice of the ministerial advisory council public?

Mr HICKEY: I will be looking at the recommendations when they are forwarded to me. I will be bringing in the stakeholders to talk to them, yes.

Ms HALE: But I am asking you whether you will be making any recommendations or any advice public?

Mr HICKEY: I do not know. I would have to look at the advice and recommendations.

Ms HALE: In principle do you agree that the recommendations should be made public?

Mr HICKEY: It would depend whether the committee wanted them public or not.

Ms HALE: Would you be prepared to expand the committee to include representatives of the Local Government and Shires Association?

Mr HICKEY: No.

Ms HALE: You were talking earlier about cost shifting and the responsibilities of the Federal Government in this regard. Will you be seeking from the Federal Government an allocation to local government of a fixed percentage of the Federal taxation revenue?

Mr HICKEY: I am after as much money as I can out of the Federal Government in regards to addressing the problem of sustainability and to put a fixed percentage of tax revenue back to local government, and that is something that the Australian Local Government Association is arguing at the moment. They have my support. At this point I am looking at dollar terms and putting the Financial Assistance Grants figures back in dollar terms and bringing it back to where it should be.

Ms HALE: I was asking you about a fixed percentage.

Mr HICKEY: That is something that the Australian Local Government Association is arguing at the moment. They have my support.

Ms HALE: Minister, do you support constitutional recognition of local government in this State?

Mr HICKEY: I support that a memorandum of understanding should be signed between the State Government and local government, yes.

Ms HALE: But you do not go as far as believing there should be constitutional recognition of local government?

Mr HICKEY: That is something that the whole of Cabinet should decide, not one Minister.

Ms HALE: But surely as the Minister for Local Government, you must have a policy or a view on this matter.

Mr HICKEY: I think I have answered your question.

Ms HALE: I believe you have entered into an intergovernmental agreement with Local Government and the Federal Government to ensure Local Government gets a better deal on cost shifting.

Mr HICKEY: I stated that earlier.

Ms HALE: Will you enter into an intergovernmental agreement to ensure Local Government gets a better deal from the New South Wales Government?

Mr HICKEY: As I said, I do argue Local Government's case in--

Ms HALE: But I am talking about entering into an agreement?

Mr HICKEY: I think that is my job, is it not? I am unsure but is not that the Minister for Local Government's job?

Ms HALE: To enter into an agreement with Local Government - I quite agree with you I think it is the appropriate action.

Mr HICKEY: I have got the hat of Local Government on. I tend to think that being the Minister for Local Government, it is not about entering into agreements, it is about doing your job.

Ms HALE: Minister, you would agree no doubt that perception is as important as fact.

Mr HICKEY: I accept that.

Ms HALE: And from your experience on Cessnock Council and your being the member for Cessnock, you would be very aware of the publicity, the media attention that surrounded the failure of councillors on Cessnock Council to declare donations that were given as part of the election process by organisations which subsequently put a proposal to council to rezone community land.

Mr HICKEY: Yes, I read the front page of *The Advertiser* where you made all sorts of statements about that.

Ms HALE: But it was *The Telegraph* and the *Sydney Morning Herald* too.

Mr HICKEY: I read the front page of the local paper, Ms Hale, where you made all sorts of

statements and allegations, yes.

Ms HALE: But you would agree that it was a case where the majority Labor councillors failed to declare donations from two men linked with a rezoning application for community land?

Mr HICKEY: My understanding is that the two people who made the donations were consultants working for the developer, not getting direct benefit from that rezoning of land.

Ms HALE: But you agree with the perception?

Mr HICKEY: Ms Hale, I will pass the question on to my Deputy Director General, who actually looked at the issue if you like, because I am the local member and I decided that I would not play a part in that because I would be seen to have an interest in it, and I passed that issue straight on to the Deputy Director General to look at the issue.

Mr WOODWARD: Yes, I looked at this matter and discussed it with the general manager of the council and it was more an issue of perception. The matter was not a direct pecuniary interest issue, but it was a situation where the general manager agreed that it might have been preferable for people to identify it but it was not really a matter of any serious pecuniary interest in the particular case.

Ms HALE: As a result of that discussion and the general agreement that it would have been better to declare it, because I believe other non-Labor councillors declared their receipt of moneys from a similar organisation, did you send out a note or any departmental advice to councillors generally advising them that it is appropriate to declare indirect or non-pecuniary interests?

Mr HICKEY: Ms Hale, if I may, we actually put out a manual on pecuniary and non-pecuniary interests and that went to all councillors across the State. That is something the department has been working on. You would be fully aware yourself of pecuniary and non-pecuniary interests. I know you were a councillor in this area as well.

Ms HALE: That is right.

Mr HICKEY: And we thought it would be best to put out the manual, which we have done, and it is up to councillors themselves to declare pecuniary and non-pecuniary interests. My understanding of the issue that you raise is that the councillors themselves actually did lodge a return with the State Electoral Commission saying where the donations came from, and I think it is very clear in the guidelines for pecuniary and non-pecuniary interests, it is up to each individual whether they declare them or not.

Ms HALE: But I do not think it was the councillors who declared it. It was a Ms Jurd I think.

Mr HICKEY: On behalf of the councillors.

The Hon. TONY CATANZARITI: Point of order. I do not see where this is going. Is this part of budget estimates or an entirely different matter?

Ms HALE: To the point of order, Madam Chair, I am trying to establish that there are instances where I believe inappropriate behaviour occurred and I believe instances where it is important that the Government and the department be seen to be responding to those instances and the Minister responded by talking about the manual that has been prepared.

Mr HICKEY: Madam Chair, if I may, just further information for Ms Hale. The department is going--

CHAIR: I have to rule on the point of order. There is no point of order because, as Ms Hale has mentioned, the Minister himself has referred to the manual. It is to do with the operations of the

department, so it is within the broad latitude that is given to the budget estimates hearing. Minister, you may proceed.

Mr HICKEY: Yes, thank you, Madam Chair. As far as the department is concerned, we have sent out guidelines. We have been very clear in circulars to councils that we will be auditing the pecuniary interest register across the State. We will not be doing every one, we will be doing them randomly, and that is something that has raised its head numerous times since I have been Minister and we are trying to address that issue, but, as you would know, it is up to each individual to register their interest. We do it here in this House. Well, we do it in the lower House. I am not sure about the upper House. We register our interests each year and we will continue to do so and that is something that should be mandatory and we have tried to make mandatory across the local government sector as well.

Ms HALE: I thought it was mandatory. Minister, are you aware, just taking the Cessnock case as an example--

Mr HICKEY: You have a very strong interest in Cessnock.

Ms HALE: I am sure we both do. Are you aware that Councillor Ryan on Cessnock Council who raised these this matter was later publicly threatened at the council meeting by the majority Labor councillors with referral to the council's conduct committee if he continued to raise his concerns about this issue? Minister, are you aware of that, and, if so, given there are reports from elsewhere--

Mr HICKEY: Madam Chair, may I answer the first question first of all?

Ms HALE: Yes, sorry.

Mr HICKEY: No, I am not aware of that. I am aware though that Councillor Ryan has continually created issues in the media and continues to do so. So I do not know whether he has been threatened for whatever reason, I am unsure, but you seem to know and I am sure you will fill me in on this.

Ms HALE: Councillor Ryan at a subsequent meeting--

Mr HICKEY: Is he a friend of yours, Ms Hale?

Ms HALE: I know Councillor Ryan very well. He is a member of the Greens. He is a Greens councillor on Cessnock Council, which I am sure you know, Mr Hickey.

Mr HICKEY: I just thought we would clarify it. Is he a friend of yours?

Ms HALE: I have already answered that question and it is not my role to answer questions, rather it is yours.

Mr HICKEY: I am sorry. I forgot.

Ms HALE: He was threatened with referral to the council's conduct committee, and given that there have been other instances across the State of councillors also being threatened with referral to--

Mr HICKEY: It is very good, isn't it?

Ms HALE: I believe there is one down the south coast.

Mr HICKEY: Down the south coast and one out west. I think it is a great system.

Ms HALE: My question is: Will you be conducting a review of the conduct committee

provisions and the way in which those provisions are being used?

Mr HICKEY: I have to say that that is a very good question, but if we had not been saying publicly we are going to have a review into the model code of conduct and the way it has worked then it would be an extremely good question, but we have been saying that.

Ms HALE: When will that review take place?

Mr HICKEY: Very soon. Now. I would encourage you to make a submission.

Ms HALE: Can I return briefly to the reduction in councillor numbers? Which councils have had their application for a reduction in councillor numbers approved by you under the recent 12-month legislative window and how have the numbers of councillors changed of each of these councils?

Mr HICKEY: A very good question, may I say, and I have the answer here somewhere.

The Local Government Act allows councils a one-off opportunity to resolve to apply to the Minister for Local Government for approval to reduce the number of councillors on council without holding a constitutional referendum with restrictions. The opportunity was only available until 15 July 2006. No council may have less than five councillors. As a result of the amendment by the Greens in the upper House, a council divided into wards would not apply if it meant that it would have less than three councillors per ward. Where a council has been approved to reduce the number of councillors the reduction will not take place until the next ordinary election. Casual vacancies that occur during that period would not be filled unless the number of councillors on the council would become less than the reduced number approved by the Minister.

Ms HALE: With due respect, I asked for a list of the councils.

Mr HICKEY: Madam Chair, may I answer this question?

Ms HALE: I did not ask for an explanation of the legislation, I asked for a list of the councils.

Mr HICKEY: And I am answering you, but if you keep interrupting I won't.

Nineteen councils have applied to the Minister to reduce their councillor numbers. On those applications, 16 have been successful; two have not yet been determined. A table summarising the applications I will read. Other councils expressed interest in making application to reduce their councillor numbers, however, they were prevented from doing so. It would have reduced the councillors to less than three per ward.

Strathfield Municipal Council: Application date was 11 October 2005. Previous councillors were nine; the new councillor numbers will be seven. The date I approved that was 17 October 2005. The gazettal date was 28 October 2005.

Dubbo City Council: Application made on 23 August 2005. Previous number was 12; new councillor numbers are going to be 11. The date I approved that was 20 October. The gazettal date was 4 November.

Cowra Shire Council: 27 September. Previous number of councillors was 11; new number of councillors will be nine. The date I approved that was 7 November. The gazettal date was 2 December 2004.

Ms HALE: Excuse me, Minister, to save your voice, would you mind giving me a copy of that list rather than reading it out?

Mr HICKEY: No, I won't give you a copy, no. I am giving an answer to a question.

CHAIR: The time has expired, so I am going to go to Government members.

Mr HICKEY: Are you sure? I am happy to keep going.

The Hon. PENNY SHARPE: Would you like to elaborate on that answer, Minister?

Mr HICKEY: Thank you very much, Ms Sharpe.

Glen Innes Council: Application made 25 October. Nine councillors reduced to seven. That was approved on 21 December 2005. The gazettal date is 20 June 2006.

Jerilderie Council: 26 October. Nine previous councillors; the new number of councillors is seven. The date I approved that was 21 December 2005. The gazettal date was 20 June 2006.

Central Darling Council: Application date was 12 January 2006. Previous number of councillors was 12; the new number of councillors is nine. The date I approved that was 21 April 2006. The gazettal date was 5 May 2006.

Mosman Municipal Council: Application date 3 February 2006. Previous number of councillors was 12; new number of councillors is nine. The date I approved that as Minister was 3 April 2006. Gazettal date was 13 April 2006.

Brewarrina Shire Council: Application made on 29 March 2006. Previous number of councillors was 12; new number of councillors is nine. The Minister approved that on 10 May 2006 and that was gazetted on 26 May 2006.

Greater Taree: Application date 23 March 2006. Previous number of councillors was 12; new number of councillors is nine. Date the Minister approved that was 17 May and the gazettal date was 26 May.

Blayney Shire Council: Application date 15 March 2006. Previous number of councillors was nine; new number of councillors is seven. The date that the Minister approved that was 17 May 2006. The gazettal date was 26 May 2006.

Cootamundra Council made an application on 12 April 2006. The previous number of councillors was 12; the new number is 11. The date the Minister approved it was 8 May 2006 and the gazettal date was 7 June 2006.

Great Lakes Council made an application dated 7 March 2006. The previous number of councillors was 12; the new number of councillors is nine. The date that I approved that was 9 June 2006. The gazettal date was 30 June 2006.

Tweed Shire Council: Application date 19 April. The previous number of councillors was 11; the new number of councillors is seven. The date that it was approved by myself was 18 May. The gazettal date was 2 June 2006.

Broken Hill City Council: On 3 May 2006 they made an application to reduce their numbers from 12 to 10. That was approved on 17 July. The gazettal date was 28 July.

Orange City Council: Application was made on 22 May 2006. The previous number of councillors was 14; the new number of councillors is 12. The date I approved that was 4 July 2006 and the gazettal date was 14 July.

Auburn City Council on 9 May 2006 made an application to reduce councillor numbers from 12 to 10. That was approved on 4 July 2006 and the gazettal date was 14 July 2006.

Bourke Shire Council: On 31 May 2006 they applied to reduce their numbers from 12 to 10. That was approved by myself on 10 July 2006 and that was gazetted on 21 July 2006.

Murrumbidgee Shire Council on 3 April 2006 applied to reduce councillor numbers from eight to six. On 26 June 2006 that was approved by myself. On 7 July 2006 it was gazetted.

Wingecarribee Shire Council on 3 July 2006 applied to reduce councillor numbers from 12 to nine. That was approved on 3 August 2006 by myself and is yet to be gazetted.

Coonamble Shire Council applied on 21 June 2006 to reduce councillor numbers from nine to seven. That was approved by myself on 24 July 2006 and gazettal date was 4 August 2006.

Wagga Wagga City Council on 14 July applied to reduce their council numbers from five (*sic*) to 14 and I am yet to do that.

Madam Chair, that reduces the number of councillors on those councils by 47 from 236 to 189. I hope I have answered that question in full and I will try to do the best I can with the next lot of questions.

The Hon. PENNY SHARPE: Could I ask you about the impact of the Howard Government Work Choices legislation on local government?

Mr HICKEY: The Federal Government Work Choices legislation is an attack on the living conditions of all Australians and their families. The Minister for Industrial Relations and myself wrote to the mayors and general managers of all New South Wales councils about Work Choices on 23 March. This was to encourage them to defer consideration of the adoption of Work Choices until the High Court proceedings as the validity of the laws are complete. Until Work Choices legislation has been constitutionally examined there can be no certainty that councils' decisions to rely on the legislation would be legally valid. Ratepayers and local communities need to have confidence that they are getting the best--

The Hon. CHARLIE LYNN: Point of order. I think the question was specific to the likely impact of Work Choices legislation on local government. The Minister is answering in regard to all Australians, I think he said.

The Hon. PENNY SHARPE: He is clearly answering the question as asked.

CHAIR: It would assist the Committee if you would talk about how Work Choices affects local government.

Mr HICKEY: I thought I was.

The Hon. CHARLIE LYNN: No, you were not.

CHAIR: Minister, you may proceed.

Mr HICKEY: Thank you. Ratepayers and local communities need to have confidence that they are getting the best possible services and their local councils are using the public funds responsibly. This very responsible approach has the Federal Industrial Relations Minister Kevin Andrews accusing the Iemma Government of breaking the law and he says councils should be seeking their own legal advice rather than basing their decisions on the propaganda of the New South Wales Labor Government. This approach encourages a waste of ratepayers' money and it would line the pockets of lawyers. The reason the Government wrote to the councils was to make sure that ratepayers across New South Wales were not paying 152 sets of expensive lawyers' fees when the High Court determined the matter.

I have advised New South Wales councils to remain with the Local Government State Award because it gives them certainty and a harmonious relationship with their workers. Those councils

which have workers covered by the award will come under a notional agreement that preserves State awards. This means that local councils effectively have three years before they have to move to Work Choices. The Federal Local Government Minister Jim Lloyd has said councils will not come under the new system because they are not constitutional corporations. That means they will remain under the New South Wales system under existing New South Wales awards and so there will be no change, and that is directly from Jim Lloyd's media release.

How are councils, communities and workers supposed to know how "No Choices" will affect them when the Howard Government Ministers cannot agree, and that is why I will continue to encourage councils to work with the New South Wales industrial relations system. We believe that continuing to rely on existing industrial arrangements at each council will provide certainty and sustainability to councils, workers and communities until the High Court hands down its own determination. Let's not get sidetracked by Kevin Andrews and the Howard Government. Their changes will reduce the award safety net, reduce the level of real wages, remove penalty rates, remove shift loadings, remove holiday leave and other entitlements and remove protection from unfair dismissal. Small and large businesses alike are now burdened with an even more complex system with no transitional time. The Lemma Government will continue to fight on behalf of workers and their families to protect their rights and conditions of employment and their quality of life.

It has been pointed out that in the last question I answered in regard to councillor numbers I said that at Wagga Wagga City Council on 14 July 2006 the previous number of councillors was five. In fact it was 15, so they are reducing from 15 to 14. I apologise for any misinformation that I gave and hopefully that has been corrected.

The Hon. PENNY SHARPE: Minister, could you please outline to the Committee why waste services workers are especially vulnerable to the impact of Work Choices?

Mr HICKEY: The Federal Government Work Choice legislation is an attack on the living conditions of all Australians and their families who come under local government. One example that I have been very aware of is in relation to waste service workers. Every time a council re-tenders contracts from waste services the security of employment and working conditions of waste service workers are at risk. This is because there is always a chance that a change of contractor may result in the existing workforce not being re-employed or their pay and conditions being drastically reduced. Accrued entitlements, particularly long service leave, are endangered because of the cyclical nature of council contracts. Waste service workers have raised concerns about the security of their employment conditions with me through the Transport Workers' Union.

I know that some councils, such as Canterbury and Penrith, have protected workers' entitlements during contract renegotiations. Madam Chair, these councils have made a decision to include a number of special protections from exploitative contracting arrangements in all future tender and contract documentation for waste service contracts. For example, the contracts will include provisions to ensure that existing workers will be offered preferred employment with any new contractor. Waste contractors will be responsible for all existing entitlements, working conditions and rates of pay for workers. Workers' rights to collectively negotiate their working conditions are protected. Councils' actions in securing their workers' entitlements are commendable.

Regrettably, not all councils have followed the lead of Canterbury and Penrith. This is evidenced by the latest alarming developments in the Gosford City Council and Wyong Shire Council. The leader of the Federal Opposition, Kim Beazley, has expressed his grave concerns at the Gosford City and Wyong Shire Councils' waste service contractors attempting to rob the existing workers of their entitlements such as paid over time and penalty rates. As Minister, I fully support Mr Beazley's view that Work Choice laws are responsible for what is happening in those council areas.

I actually went to the area and met with the affected workers of those councils on site. I have listened to what the workers had to say about Work Choices and their current situation. I wrote to both mayors, asking them to support contractual arrangements that will see existing workers rehired at at least the same rate of pay and conditions. Madam Acting Chair, may I say, when I went to that site, the workers there in total were totally upset and could not believe they could be working for less

money than they are currently. They were talking about a reduction in wages of down to \$12.50, I think it was, an hour, and to me, for people working in those conditions and putting up with those conditions, they deserve a hell of a lot more. I hope that the matters for those workers will be resolved to the satisfaction of those workers.

The Hon. PENNY SHARPE: Minister, you previously gave some information about this, but I am interested in what you have done to address the issue of inadequate funding from the Commonwealth to Local Government. Can you give us some more detail about that please?

Mr HICKEY: Yes. Madam Acting Chair, at a special meeting of the Local Government and Planning Ministers Council in Canberra in April this year, I signed on behalf of the New South Wales Government the intergovernmental agreement on local government. At that meeting I raised concerns about the declining level of Commonwealth funding for local government. I indicated that because this is such a critical issue in rural and remote areas that I felt it deserves special consideration. My strong feelings prompted me to invite the members to a special round table in Sydney to discuss this issue in more detail.

I am pleased to report that I hosted the round table on 26 May. It was a shame that the Commonwealth Minister did not attend. The round table was a great success, with very open and frank discussion about the problems confronting local government. We acknowledged that a great lot of work has been done by various jurisdictions to address the issue of sustainability but we also recognise a lot more needs to be done. A multi-pronged approach is needed if local democracy is to survive in some locations. Inadequate funding is a crucial issue. However, the round table agreed that local government itself must take responsibility for resolving many of the problems confronting it. To do that sensibly and effectively and efficiently, councils must have rules to follow. These rules need to be consistent across all jurisdictions if we are to be successful in obtaining a fair share of funding from the Commonwealth.

I put two papers to the recent Local Government and Planning Ministers Council in Adelaide. The first one called for a nationally consistent approach to asset management, financial reporting and sustainability. I am pleased to say that the council endorsed my paper. The second paper argued for an immediate increase in the Financial Assistance Grants, or as it is known in local government, the FAGS grants. Despite all this work that is ongoing at State and local government level, the fact remains there is simply not enough money in the system. Local communities in rural and remote areas in particular are doing it tough and cannot be expected to find the gap through rate rises. It is not fair or sustainable. They are the ones least able to pay. I am concerned that without more funding the very heart of local democracy is under a cloud.

The value of Financial Assistance Grants as a proportion of the total Commonwealth taxation revenue will have fallen from 1.18 per cent in 1983-1984 to just 0.77 per cent by 2007-2008. That is a decrease of 35 per cent. As a first step, while other work is being undertaken to quantify the scale of the problem and to mount a full business case, I proposed an immediate increase in the Financial Assistance Grants to increase them to an amount that they should have been all along, and that is known as the population escalation factor. Each year Financial Assistance Grants are increased to take into account the CPI and population growth. The population escalation factor was not allowed in 1997-1998 because of budget constraints at the time. This has now accumulated to around \$171 million nationally and is increasing every year. The argument that the Commonwealth has budget constraints no longer applies and I argue that now is the time to do the right thing and reinstate it. To the Commonwealth it would have been a token gesture and hardly missed, but to a struggling community it means a hell of a lot.

All jurisdictions except the Commonwealth supported my paper. However, I am pleased to see that COAG will be discussing local government funding at its next meeting in February 2007. I will be working hard between now and then to make sure there is a convincing case for more Financial Assistance Grants funding and it will be mounted at that meeting. At the next meeting of the Local Government and Planning Ministers Council scheduled later this year I will continue to press the Commonwealth for a fairer share of funding as input to the COAG discussion paper.

At the end of the day, we are all here at local government level with a common goal, to improve the long-term sustainability of local government in delivering effective and efficient services to the community. The Commonwealth must pay its fair share and I am playing a leading role in making sure that occurs.

The Hon. TONY CATANZARITI: Can you inform the Committee of the effects of rising petrol prices on councils?

Mr HICKEY: I will do it next time if you like. Sorry, Tony.

CHAIR: Minister, if I could just return to the Allen report, in Budget Paper 13.2 under the subject of Regional Development, the Government refers to the reform program that was introduced for local government called Promoting Better Practice Reviews and claims that the reviews have been a success. Can you tell the Committee how you define "success" and what criteria you used to come up with that assessment?

Mr HICKEY: Yes, Madam Chair. I am sorry, Madam Chair. If I have called you Madam Acting Chair I apologise.

CHAIR: I am still coping with the--

Mr HICKEY: I apologise if I have. I do not mean anything by that. In the lower House that is a regular occurrence. So I apologise profusely.

CHAIR: No problem.

Mr HICKEY: Madam Chair, the aim of the New South Wales Local Government Reform Program is to improve the delivery of local government services to local communities. The Promoting Better Practice Program is a major review process for councils. The program has a number of objectives including: promoting continuous improvement and greater compliance across local government; promoting good governance and ethical practice; identifying innovation and sharing good practice in local government; helping to more effectively identify legislative and policy issues requiring attention in the local government sector; providing an early intervention option for councils experiencing operational problems; helping councils to assess their performance in key areas and focus attention on key priorities.

Madam Chair, the reviews involve officers closely evaluating the effectiveness and efficiency of key aspects of council operations and giving feedback. This process examines a council's overall strategic direction, checks compliance, examines appropriate practices and ensures that the council has frameworks in place to monitor its performance. By the end of June 2005-2006 the department had undertaken a total of 41 reviews in various parts of the State, of which 30 are fully completed and 11 are partially completed. I apologise that I said earlier 29 earlier. It is 30 instead of 29.

More recently, where possible, reviews try to focus on two neighbouring councils. The program has a benefit of creating interest and momentum by impacting on more than one council in a region, review reports, give recommendations and treat performance problems and prevent problems arising. Councils seem to be enthusiastic about the program and the level of co-operation with the review teams for the most part has been excellent.

In addition to identifying problems the program identifies good practice in local government and encourages sharing with others. That is working well. The tools used in the reviews are now available at the department's web site, along with all completed and tabled review reports. So far the reviews have uncovered: All councils have at least some elements of good governance and framework in place. There is significant evidence of rural and regional or neighbouring councils working effectively together, but this can often be opportunistic rather than strategic. Virtually all councils reviewed have good levels of community engagement and smaller councils in particular work closely with and keep the local community well informed of their activities. Councils need to improve their

strategic focus in order that they are able to meet the challenges of the future, such as ageing population, skill shortages and environmental changes like water shortages. Many councils are deficient in their management of infrastructure. Many small councils are not managing public land in accordance with the requirements of the Local Government Act 1993. Enterprise risk management, tendering and procurement practices and management of pecuniary interests are deficiencies in the local government area. With the availability of the review tools on the department's web site, more councils are using the program tools to evaluate their own practices and processes. This seems to show that councils want to do better and it builds on the culture of self-assessment and continuous improvement for the sector.

The cost of the initiative has allowed the department to contract out to the Internal Audit Bureau to carry out the Promoting Better Practice reviews, including the preparation of on site work at Penrith, Cessnock and Musswelbrook. The cost to 30 June 2006 was \$30,000. Funding is available over the next two years to allow the department to continue to supplement its own review work with reviews conducted by contracted agencies such as the Internal Audit Bureau.

Madam Acting Chair, the Internal Audit Bureau is the preferred contractor for the supply of the audit and the review service is as selected by the Department of Commerce under the New South Wales State Contracts Control Board contract. In addition, the department's staff spend a significant amount of time on the Promoting Better Practice Program. An estimation of the salary and other costs is \$225,000 to 30 June 2006. Councils that have undergone Promoting Better Practice reviews are Jerilderie, Lockhardt, Dungog, Wyong, Maitland, Port Stephens, Gosford, Dubbo, Narromine, Moree Plains, Tumut.

CHAIR: Is that all?

Mr HICKEY: There is a whole host of them.

CHAIR: You can table the rest.

Mr HICKEY: Murray, Hornsby, Manly, Mosman, Rockdale, Armidale Dumaresq, Kempsey, Port Macquarie, Kiama, Broken Hill, Harden, Campbelltown, Urana, Shellharbour and Brewarrina. Do you want to know the ones that are undergoing the review?

CHAIR: Could I ask you to put them on notice?

Mr HICKEY: We can do that.

CHAIR: Minister, I think earlier there was some reference to the compulsory training courses for councillors that you are proposing and that they could be up to six months long. Can you tell the Committee how you reconcile that length of time with a statement you made in Casino that when you were a councillor on the Greater Cessnock City Council you could not understand how to read council's financial reports, so you sought assistance from a former member for Cessnock, Mr Nielly, and prior to that the accountant for the Greater Cessnock City Council, and that only after two hours you were able to understand the accounts. Does that make you an accounting genius--

Mr HICKEY: No, it does not.

CHAIR: --or are you insinuating that councillors other than yourself would need up to six months to learn what you apparently learned in two hours?

Mr HICKEY: No, Madam Chair, may I just correct you on that. I may have had the system explained to me and shown to me on reading the budget papers and that was the whole meeting with Stan Nielly, the former member, and Stan was quite thorough in going through those budget papers with me, making sure that I understood them, but councillor training is not just about budget reading, it is about a whole host of other things. It is not just about reading the budget, it will be about many other things that the reviews are showing are lacking in some areas and that is something that we are drawing up guidelines, so if you think it is just about reading the budget paper, then I am sorry if I

have given you that impression. At Casino I did say that I spent two hours with the former member for Cessnock, Stan Nielly, to understand the Budget papers because, coming from a small business, I had never seen budget papers like that and I did not realise just how complex and convoluted that issue is.

The issue of councillor training has come about because of the Brewarrina Council inquiry. It recommended that the Department of Local Government and the Local Government and Shires Association develop a compulsory professional development course for all councillors. The recommendation indicated that the course should focus on the role and responsibility of councillors and be provided within six months of a councillor being elected. So we are saying that the training course should be provided within six months of the next election, not go for six months. That has been very clear; it has been stated everywhere. So I think there has been some misunderstanding on this issue. The Government has accepted the recommendation in general terms and the Department of Local Government will be responsible for facilitating the development of the appropriate training program. The Local Government Act provides that a councillor's role includes the overall responsibility for establishing the guideline policies, allocating resources, setting service delivery standards and overseeing the council's performance.

May I say that the councillor training issue has been endorsed by quite a few people and I have some third party endorsements that I would like to read, if I am allowed.

CHAIR: Again, if you table those, we would be happy to look at them.

Mr HICKEY: I think it goes a long way to addressing the issue.

CHAIR: If it can be done quickly--

Mr HICKEY: I am not sure it can be quick, there are a lot of third party endorsements here, Madam Chair.

CHAIR: I do not really need to know them. I am happy for you to table them.

Mr HICKEY: I will just leave them until later on. We have four hours.

CHAIR: Minister, if it is not six months and it is not two hours, can you tell us what you are thinking of in terms of how long the courses will take?

Mr HICKEY: It is something that the department is developing. As we do the performance reviews it is showing areas where there have been deficiencies and we are trying to develop the course to address the deficiencies across local government. It is not something that I can tell you right now is going to be a 15-minute course, I cannot tell you it is going to be a five-hour course. Let's be serious about what we are doing. Whilst we are working towards 2008 the issues of deficiencies that show up need to be addressed and wouldn't it be sensible to try to address them all in a training course rather than say here today we are going to have a course that lasts for two hours or six months? I do not know where you get the six months from, but I think it actually comes from--

CHAIR: When do you expect to make that assessment and announce it?

Mr HICKEY: I think the department, when it gets closer to 2008, will be looking through the performance reviews that we are undertaking, at the deficiencies that are shown and how we address those deficiencies. I think that is something that the department needs to assess, but not the department on its own. We need to include the Local Government Association and work together to address these problems. I am not going to put a timeline on anything now; I think that would be a very foolhardy thing to do at this point.

CHAIR: If I could just ask some questions about the Tweed Council inquiry, you would be aware that Professor Daley referred certain matters to the Independent Commission Against Corruption, which indicated that there was nothing to investigate following Professor Daley's referral

and forwarded certain correspondence back to Professor Daley concerning those referrals. Can you provide to the Committee the correspondence that Professor Daley sent to the Independent Commission Against Corruption and the material that the ICAC referred back to Professor Daley?

Mr HICKEY: Madam Chair, this issue is pending a court hearing at the moment and I would be reluctant to provide any information that may jeopardise that court case.

CHAIR: I would understand that, but I would ask if you could get advice--

Mr HICKEY: I will take advice.

CHAIR: If you could get advice on whether that correspondence can be provided to the Committee without jeopardising any court case?

Mr HICKEY: I will take it on notice.

CHAIR: And I would appreciate that advice in writing because obviously we do not want to interfere with the court process, but by the same token there is a natural justice question here, which is very serious.

Mr HICKEY: I hear what you are saying and I will take that question on notice.

CHAIR: Could you provide to the Committee what was the salary of your former staff member Genevieve Slattery when she worked in your office?

Mr HICKEY: I could not tell you. That is something that the Premier's Department looks after. I could not tell you what her salary was.

CHAIR: Could you provide that to the Committee?

Mr HICKEY: I will take it on notice.

CHAIR: Could you tell us what salary Genevieve Slattery now receives as the executive officer for the administrators of Tweed Council?

Mr HICKEY: No, I could not because I do not employ her, but I will let the Director-General answer that question.

Mr PAYNE: I do not know the dollar figure, but it is SES level 2.

CHAIR: Can you provide that to the Committee?

Mr PAYNE: I can.

Mr HICKEY: If I may, Madam Chair: To address the difficulties in the Tweed, the administrators requested that a position be created of executive officer to be located at Tweed to provide administrative policy support and be available for community consultation. The position is a senior level State Public Service SES level 2, \$155,151 per annum. The term of appointment is until the next local government election in September 2008 and Ms Genevieve Slattery is appointed to the position commencing 27 February 2006.

CHAIR: Does Ms Slattery receive any form of remuneration other than the salary you have mentioned, for example, does she receive a travelling allowance, a living away from home allowance, rental assistance or other accommodation assistance?

Mr HICKEY: No. I do not employ Genevieve Slattery; it is the administrators. I am unsure of these issues, but as far as my knowledge goes, no.

CHAIR: Director-General, you confirm that?

Mr PAYNE: To the best of my knowledge there is absolutely no additional payment for anything. Could I just clarify: Unless there was travel, travel expenses on official business, that is an expense refund and that is a matter for the council, not for me or the Minister.

CHAIR: Minister, can you advise the Committee who recommended Ms Slattery for the position and, if it was you, who did you consult?

Mr HICKEY: I can tell you it was not me, but I will leave it to the Director-General to answer.

Mr PAYNE: I selected Genevieve Slattery for the position, which is a temporary position, as the Minister said, up until September 2008, or earlier at the pleasure of the council, and it was in response to some criticism that two of the administrators were Sydney-based, not in Tweed. That has worked extremely well. Genevieve Slattery is on the ground to listen to the community's concerns on a daily basis. As I said, it is a temporary position and it definitely would not extend beyond September 2008.

CHAIR: Temporary until 2008? 2008 still seems a fair way away to me.

Mr PAYNE: Well, it is very temporary if you move from Sydney to Tweed with only a two-year time horizon.

CHAIR: There would be a lot of people who do that all the time.

Mr PAYNE: Not in Tweed they don't.

CHAIR: Well, they do actually, it is a very mobile part of New South Wales. Was there a proper selection process involved in appointing Ms Slattery to that position?

Mr PAYNE: No, there was not because, as I said, it was a temporary position, it was not a full-time position. If it had been full-time it would have been advertised.

CHAIR: Do you think that it is rather odd that Ms Slattery should be appointed to such a position straight from the Minister's office?

Mr HICKEY: When the issue came up between my ex-chief of staff and myself I said the decision was hers. It is not something that I am going to advise people on, what they do with their career paths, and it was something between her and the administrators and it was entirely her choice. If people want to take on a temporary position, and I do believe that a couple of years is only a temporary position because that is all it is going to be, it is up to her to decide whether she wants to take that on or not. My advice to her was to look at longer-term permanency, but that was not for me to decide, it was for her to decide.

CHAIR: What was the actual rationale for the appointment?

Mr HICKEY: Her family lived there, her father is very ill and she wanted to spend time with her father before he passed away.

CHAIR: Can you explain why you appointed a chief administrator, namely Mr Payne, to the council when it should have been obvious to you that a significant conflict of interest could arise whereby Mr Payne had to reject his own recommendation as the chief administrator for an increase in rates in the Tweed Council?

Mr HICKEY: May I point out that, first of all, I did not appoint Mr Payne to the administrative role, that was the former Minister. May I point out in relation to the second part of that question that the Director-General did not at any time have any input to the rate variation that was put

forward by Tweed. That was done by an external auditor, on my understanding, and the Deputy Director-General, and I instructed the Deputy Director-General to at no time discuss the issue of special rate variation at Tweed with the Director-General because there was a conflict of interest and I would not put up with that.

Ms HALE: Can you tell me how many administrators have currently been appointed to councils in New South Wales, how many are currently holding that position? I am quite happy for you to take it on notice.

Mr HICKEY: No, I think I have the answer. It is no good wasting four hours here if I am not going to supply answers.

Ms HALE: Can you tell me when the terms expire, when they were appointed, how frequently they are in attendance at the council areas that they presumably service?

Mr HICKEY: I will attempt to answer your question.

Ms HALE: There are a number of questions.

Mr HICKEY: Sorry?

Ms HALE: There are three or four questions.

Mr HICKEY: I will attempt to answer your questions. Councils under administration: Liverpool City Council, on 29 October 2003 the Local Government Minister the Honourable Tony Kelly appointed Professor Daley as Commissioner--

Ms HALE: Just the name of the council will do.

Mr HICKEY: I am wanting to answer all your questions.

The Hon. TONY CATANZARITI: We are very interested in this too.

Mr HICKEY: I want to give you as much detail as I possibly can. Is that all right, Madam Chair?

Ms HALE: I only want the names of the councils really.

CHAIR: Yes.

Mr HICKEY: Madam Chair, there is a whole host of questions that have been asked here. I would really like to answer this in detail to try to address all the questions. There is no point in sitting here just brushing over this because the more information I give the better off we are, the better informed we are.

CHAIR: Yes, but you can do that in two ways, you can do it in a way that takes up the time of the questioner or you can provide the names of the councils and then the rest of the details you can make available to the Committee in writing. That would be fine.

Mr HICKEY: No, I am happy to answer the question, Madam Chair, that is what I am here for.

CHAIR: If you could do so as succinctly and to the point as possible.

Mr HICKEY: Okay. Public inquiry under section 740 of the Local Government Act into Liverpool Council: The terms of reference of the inquiry were to inquire, report and provide recommendations to the Minister as to whether all--

Ms HALE: Point of order, Madam Chair. The request was for the names of the councils that are currently under administration. It was not for the detail of how those administrators were appointed.

Mr HICKEY: What about all the other questions?

The Hon. PENNY SHARPE: There was a fair degree of latitude given in the asking of questions. I believe the Minister is giving the information, I am very interested in the answers and would like him to continue.

Ms HALE: To the point of order, Madam Chair, the Minister is entitled to waste his own time and that of the department. He is not entitled to waste the time of the Committee.

The Hon. TONY CATANZARITI: I am interested.

CHAIR: Minister, if you could answer the question, which was to provide the names, not all the other periphery that goes with it. We can get that data--

Mr HICKEY: Madam Chair, the question was much deeper than that. The question was much deeper than just providing names.

Ms HALE: My question was the names of the councils that are under administration, when the terms of the administrators expired and how often those administrators visited their council areas.

Mr HICKEY: Madam Chair, but I am quite sure another member of the Committee--

CHAIR: Order. That is the question from Ms Hale, if you could answer that question please.

Mr HICKEY: There is another member that is going to ask further questions on this issue.

CHAIR: Minister, another member can do that in his own time.

Mr HICKEY: Isn't it best to get it all out now. We have four hours.

CHAIR: No, just answer the question. Minister, just answer the question please.

Mr HICKEY: Which question do you want me to answer?

Ms HALE: What are the names of the councils where administrators have been appointed?

Mr HICKEY: Okay, I will answer that first?

Ms HALE: Yes.

Mr HICKEY: Liverpool Council, Tweed Shire Council, Walgett Shire Council and Warringah Council.

Ms HALE: Did you say Liverpool there as your first?

Mr HICKEY: Yes.

Ms HALE: When do their terms expire?

Mr HICKEY: At the next election.

Ms HALE: How often do the administrators visit those council areas?

Mr HICKEY: As often as needed.

Ms HALE: Can you supply the Committee with details of where non-resident administrators, for example--

Mr HICKEY: Lucy Turnbull.

Ms HALE: --how often they visit the actual council area?

Mr HICKEY: No, that is something you need to ask each individual council.

Ms HALE: So you do not have that information?

Mr HICKEY: No, the council staff, the general manager actually is the person who actually works with the administration, not the Minister. It is about providing a service to the community. The Minister does not provide that service. I am in charge of the Local Government Act framework and implementation--

Ms HALE: Thank you, Minister. No, you do not have to explain any further.

The Hon. PENNY SHARPE: Point of order. There is no need for members to be rude to the Minister. The Minister has answered the question in the way in which he sees fit. He has substantially addressed the details in this question. He should be allowed to finish without interruption.

CHAIR: Okay, next question.

Ms HALE: Minister, just reverting to the Work Choices issue, you said that you were encouraging councils to stay within the New South Wales industrial relations system. How many councils have done so and which councils have chosen not to remain within that system?

Mr HICKEY: I am unsure of the specific numbers, but at the end of the day I am told that there are a lot of councils that are signing deeds with unions across their sector to stay within the system. My concern is quite clear, Ms Hale, in regards to having a skill shortage in the local government sector and implementation of Work Choices, the impact that has on the workers. Why would a worker want to work on a council that wants to implement Work Choices, have that threat of unfair dismissal over their head all the time and the other issues pertaining to Work Choices, when the local government sector, even the Percy Allen report itself highlights the issue of skill shortages and the impact of the skill shortages on local government. Local government has raised with me since September the issues of skill shortages and any council that wants to implement an unfair system of No Choices over their workforce has to have rocks in their head.

Ms HALE: Minister, what actions are you taking to ensure that those councils that are seeking to implement the Work Choices legislation throughout their organisations are prevented from doing so?

Mr HICKEY: I have no powers to prevent councils from doing so. I can encourage, I can talk and I can try to encourage a mediation process that addresses the issue of industrial relations. At the end of the day, I am not the Industrial Relations Minister, I am fully aware of that, but councils cannot come to the Minister for Local Government, screaming about skill shortages, the impact of skill shortages and then implement an unfair system that is going to impact on their skill shortages even further. That is something that I am very concerned about.

Councils themselves have raised this issue with me. It is not something I am making up fancifully or whatever. This is something the councils themselves are raising. I am trying to address the problem. I am praying that councils see the common sense in this and do not employ the No Choice system under the Howard Government that is going to impact on every family, every front line service. The Opposition in this place would implement a system that is going to affect 29,000

workers across the public service. It is not public service. It is nurses, it is teachers, it is police and--

Ms HALE: But they are not the subject of your portfolio.

Mr HICKEY: --and the impact of No Choice is ridiculous.

Ms HALE: Minister, you mentioned earlier that the Federal Minister for Local Government, Jim Lloyd, had said that councils are not constitutional organisations. Have you advised councils of his opinion in this matter?

Mr HICKEY: I have sent out media in regards to that. Jim Lloyd is a good man. He used to be a milko, a good man.

The Hon. DAVID OLDFIELD: I thought he owned a petrol station.

Mr HICKEY: No, he has been a bit of everything, a very hard working man.

The Hon. CHARLIE LYNN: Working class.

Mr HICKEY: And, quite frankly, it is good to see working class representing local government because local government is the blue collar government of all government systems. We all know that.

The Hon. DAVID OLDFIELD: It is a shame we have got a class at all.

Mr HICKEY: I totally agree, Mr Oldfield, but the issue of Mr Lloyd has--

Ms HALE: You have got so much in common.

The Hon. DAVID OLDFIELD: We have, country people.

Mr HICKEY: Yes, good hearted people, country people. Mr Lloyd himself has raised the issue of councils not being constitutional corporations, but may I say that Mr Andrews is saying something else. I thought I pointed that out earlier.

Ms HALE: I know you did. I was just asking you about Mr Lloyd.

Mr HICKEY: Well, it is no good talking about Mr Lloyd unless you put it in the context of Mr Andrews and the conflicting pieces of information. The Federal Government themselves really do not understand Work Choice - No Choice rather, I keep calling it Work Choice - and the impact it has. If the Howard Government who has implemented this do not understand, how is local government meant to understand? How are we meant to address something that is going to impact on every family across Australia, let alone New South Wales, let alone local government. The impact this will have on the local government sector is dangerous. We are already facing a crisis of work shortages, skill shortages and the impact across rural and remote councils and here we have a piece of legislation that the Ministers at the Federal level do not even understand and do not communicate the same message together.

Ms HALE: Minister, turning to the question now of council wards, will you legislate to require a referendum for any changes to the numbers of wards or any changes to ward boundaries, other than minor changes, that may come about as a result of population shift? Will you legislate to require a referendum?

Mr HICKEY: No.

Ms HALE: No, you will not.

Mr HICKEY: Do you want the answer why?

Ms HALE: You can if you wish, provided it is--

Mr HICKEY: It already exists.

Ms HALE: That is a reduction in councils numbers?

Mr HICKEY: No, no--

Ms HALE: There is no requirement for a referendum--

Mr HICKEY: Madam Chair, Ms Hale used to be a councillor. She would understand any change to ward systems or popularly elected mayors or anything of that nature needs to go back to the people for a referendum.

Ms HALE: I would like to correct the Minister. A council can change the number of wards without a referendum to endorse that change and I can quote you the example of--

Mr HICKEY: Whether they had wards or not.

Ms HALE: That was not my question. My question, Minister, was whether you would legislate to prevent any changes to the numbers of wards taking place without a referendum first being held.

Mr HICKEY: Just here now, a decision now, I would be reluctant to have a referendum because it is something we need to look at in a whole context of things. If there is a population explosion that will need an adjustment of wards, that is something we need to look at. I am not keen to give an answer yes or no. I apologise for the "no" answer before. I think that is something that I need to look at in the whole light of day, in the fullness of time so to speak, and address it in that way, rather than giving you a knee-jerk reaction right here and now.

Ms HALE: Minister, will you contemplate legislation to prohibit there being wards with fewer than three councillors per ward?

Mr HICKEY: Could you repeat the question? Very interesting question that.

Ms HALE: Will you legislate to prevent the situation arising where there can be fewer than three councillors per ward?

Mr HICKEY: I think that would be something that would need to be done by the local community rather than the Minister. What do you mean by this question?

Ms HALE: Because in councils where there are two councillors per ward, in fact the system can be gerrymandered, the voting system can be gerrymandered to permit one grouping to in fact monopolise and retain control of the council and in effect exclude--

Mr HICKEY: A minority party?

Ms HALE: Exclude independent voices, and I am looking here at the example of the former Botany Council and Wollongong Council and other councils where they had two councillors per ward, and it means it effectively excludes a range of minority opinions from being represented on the council.

Mr HICKEY: Madam Chair, I always thought democracy was about people's choice and I think that we--

The Hon. CHARLIE LYNN: Just like Work Choices.

Mr HICKEY: --I think we need to leave it as people's choice. At this Committee I am not about to start saying what I am going to do with future legislation, what I am not going to do with future legislation. It is very interesting to hear the views and I am very happy to listen to those views and if you put them in writing I will consider them fully.

Ms HALE: Fine, thank you, I will do so, because it is a complete gerrymander.

Mr HICKEY: But I don't see what that has got to do with the budget.

Ms HALE: The voting system for two councillors per ward is a complete gerrymander. My question now is going on to rate pegging. Minister, do you have any plans to bring New South Wales into line with all other States and remove rate pegging?

Mr HICKEY: No.

Ms HALE: Will you, therefore, at least depoliticise the rate variation process by setting up an independent body to determine the rating process?

Mr HICKEY: Madam Chair, may I say I have been shown this year to be quite fair, I feel, in implementing the legislation to the word. Now, that is -- do you want an answer or not?

Ms HALE: I thought you had finished. I thought you were being unexpectedly brief.

Mr HICKEY: I am happy to keep going to answer your question or I am happy for you to interrupt, whatever you like.

Ms HALE: In your answering the question, Minister, if you say that you are not prepared to establish an independent body, could you explain why it is considered appropriate to have an independent body determining water rates but it is not appropriate to have an independent body determining council rates?

Mr HICKEY: I think the first part of your question needs to go to the Minister for Utilities rather than myself. I am unsure of what system they have in other departments. The system we have here is very clear.

This year we received 39 applications under S508 and 27 were approved; five were reduced and four were declined. Two were withdrawn. Under S508A, of which I am quite sure Ms Hale is very aware, applications received were seven. Four were approved; one for reduced period; one for the first year with remaining years and one was declined. I think that shows that if you meet the legislative requirements that are put in place then I am happy to look at it. As a matter of fact, Madam Chair, I have a lot of third party endorsements in regard to the rate variation application. Even Col Sullivan himself, head of the Shires Association, called me a good bloke.

Ms HALE: Minister, I did not ask you about third party endorsements.

Mr HICKEY: Sorry.

Ms HALE: Will you conduct a review of rate concessions and exemptions? In light of the aging population, how will the Government compensate councils which are facing increasing demand for aged and community services and are also being required to give increased rate concessions?

Mr HICKEY: That is a very good question, may I say. On the pensioner rebate scheme, the Government's position is very clear. Under the scheme we have put \$72.88 million in 2005-06 with over 478,000 pensioner claims for concessions being processed by New South Wales councils. The cost of the scheme is expected to increase slightly in future years in line with the projected aging population. It is therefore not feasible to increase payments or extend the scheme. Any changes to the scheme would directly impact on councils themselves. Ms Hale raised the issue of cost-shifting. Councils have to fund 45 per cent of the scheme, so what you are proposing with increasing this

scheme is a cost-shift on to local government and I am very concerned about that considering the issues you have raised in regard to local government sustainability and the issues that I have raised at many of the committees I have attended and many of the councils have raised with me, so to increase that scheme will impact on the councils quite considerably and I think since they are contributing 45 per cent you are asking for a cost-shift on to local government.

Ms HALE: No, I am not.

Mr HICKEY: Well, by extending the scheme you are.

Ms HALE: I have not asked for the scheme to be extended.

Mr HICKEY: So you did not want the scheme--

Ms HALE: I asked whether you would conduct a review of rate concessions and exemptions, suggesting that that review was justified by the fact that there was an increasing aging population and increasing demand upon the Council for the Aged and Community Services. So the question was: Will you be doing a review of rate concessions and exemptions?

Mr HICKEY: The aging population is there. If we extend the scheme, the majority of the people who are retiring are self-funded and not entitled to the pensioner rebate, so the answer is No.

Ms HALE: You said the majority of people retiring in this State are self-funded?

Mr HICKEY: Retiring early.

Ms HALE: What is the difference? I thought you said the majority of people retiring in this State were self-funded.

Mr HICKEY: They pay superannuation and they receive large payouts through super, et cetera.

The Hon. DAVID OLDFIELD: They receive what they are entitled to, given the circumstances of their work throughout their lives as opposed to those who collect something--

Mr HICKEY: Which, may I say, is a very great system and I encourage people to pay as much super as they can and have a great retirement. I think that is an absolutely terrific idea and it is where I come from.

Ms HALE: The Labor Party once supported pensioners and social welfare.

Mr HICKEY: I totally do support pensioners and social welfare.

The Hon. TONY CATANZARITI: Can you inform the Committee on the effects of rising petrol prices on councils?

Mr HICKEY: I have heard this question before. It is a very good question. I am very concerned about the rising cost of petrol - as I think we all around this table are every time we fill our cars - and the effect it is having on families, businesses and especially councils themselves. In July 2006 the NRMA reported that petrol prices increased 27 per cent in the past financial year. The average petrol price has increased from \$1.08 per litre in June 2005 to \$1.37 per litre in June 2006.

To gain an indication of the impact of increasing petrol prices I requested that the Department of Local Government survey a cross-section of councils. The department surveyed two metropolitan councils, three rural city councils and two rural councils. The survey found that the average increase in total fuel costs for the councils surveyed was 21 per cent. Tamworth Council, for example, has had to revise its budget forecast for fuel from \$1.8 million to \$2 million, a \$200,000 increase. Councils in country areas are particularly affected by high petrol prices with petrol costing

\$1.47 per litre in Wilcannia. New South Wales will establish an E10 task force to report back to Government on an implementation plan. We want to get it right so that we are working through the issues to ensure that there is a reliable supply and community support before we mandate the use of ethanol-blended fuel. Subject to the findings of the task force, the New South Wales Government will mandate the use of ethanol-blended fuel to help deliver relief to families and councils. The Prime Minister must put his shoulder to the wheel and come up with a comprehensive plan to tackle this issue. The Federal Government must step up now and give Australian Competition and Consumer Commission more power to stop major fuel companies from ripping off consumers, businesses and, most of all, ripping off councils. The Federal Government and their mates in the New South Wales Opposition have proved they have no friends and they will be no friends to working families across New South Wales struggling with high petrol prices and they have not acted to help businesses or councils. When you look at the list that was supplied to me by the department, Blacktown Council has had an increase of \$362,585, which is an increase of 22.82 per cent. I have to say that it is very interesting to look at Bourke. In 2005 Bourke put across \$605,358 and in 2006 \$564,924. That is a decrease of \$40,434 and that looks absolutely great when we are talking about fuel, but when you think about it there is a drought. Bourke Council cannot grade the roads, cannot do the roadworks, so they are using less fuel because they are not delivering the service effectively and efficiently because of the drought and lack of water, so there has been a decrease in one council for all of the wrong reasons, not the right reasons, and that is a decrease of 6.68 per cent. Lismore Council has had an increase of \$81,238 and that is 17.51 per cent. Cobar has had an increase of \$74,012 and that is an increase of 16.34 per cent. This is hurting councils and the fuel cost in New South Wales is impacting on local government in a way that we never thought it would, but it is not just impacting on local government, it is impacting on every family across New South Wales. When you think about filling a car up and an average tank being somewhere about \$80 per family, that impact is massive.

The Hon. TONY CATANZARITI: Minister, I am aware that the New South Wales Government's local government reform program is now focusing on improving council practice and encouraging councils to enter into strategic alliances with other cooperative arrangements in order to further improve service to their communities. Can you tell the Committee about what you are doing to encourage councils to improve their performance?

Mr HICKEY: The second stage of the local government reform program commenced in 2003-04. This element of the program is called the local government reform program promoting better practice. It is a review program designed to assist councils to assess and improve their performance. The program commenced with a pilot review into the Campbelltown City Council with key stakeholders such as the Local Government and Shires Association, Local Government Managers Australia, the ICAC and the Ombudsman developing the program. Since then the department has completed 30 council reviews and it has a further 17 under-way or planned. The review process examined both the strategic framework of the council and its operational performance. Reports identified good practice and areas for improvement. The review program is helping councils to improve their strategic management as well as their governance framework, their financial performance and their delivery of service to local communities. Overall the department has found the standard of operations in councils reviewed to be good. Some small councils are experiencing difficulties across a range of areas, but other small councils are performing well, suggesting that size can but need not be an impediment to good performance.

Madam Chair, some of the trends of what is working well as identified include: Many councils work efficiently with their neighbouring councils particularly on sharing their resources. Almost all councils reviewed have at least the basic elements of good performance framework in place. Councils have been making greater use of the web-based information to inform their communities. Councils make impressive efforts to undertake positive community engagement and many councils are working to develop a stronger strategic focus. Councils are working hard to overcome skill shortages by developing strategies to attract and retain staff in key areas of shortages, such as the areas of town planning and finance. Some of the trends that need improvement include the need for all councils to develop and realise a long-term strategic vision for the council area: Better recognition of the challenge of aging. Although we are seeing some councils plan for this issue, we need to do better. Risk management is not practised to a good standard in most councils reviewed. Meeting procedures are patchy and poor control of meetings is often associated with serious conflict

amongst councillors, which in turn damages the reputation of council in the community as a whole and can be resolved by more appropriate use of code of conduct. Long-term asset management planning has not been practised sufficiently in the industry and smaller councils in particular are often failing to manage community land according to the relevant statutory requirements.

Madam Chair, I think I have answered that question in full. It is 11 o'clock. Could I please be excused for a moment?

CHAIR: Yes, we will adjourn and we will get back to the Government members after the break.

(Short adjournment)

The Hon. CHRISTINE ROBERTSON: Can the Minister inform the Committee of the effects on local government of the Opposition's promise to cut 29,000 public sector positions?

Mr HICKEY: And a very good question, may I say, from the honourable member. The member for Vacluse has promised to cut 29,000 positions from the New South Wales public sector. He then attempted to backflip when the community told him they wanted their public services maintained. The member for Vacluse now says he will not fill positions vacated through natural attrition.

CHAIR: Which is what he said in the first place.

Mr HICKEY: Pardon me, Madam Chair?

CHAIR: Which is what the Opposition said in the first place.

Mr HICKEY: I think the statement is quite different.

CHAIR: Proceed.

Mr HICKEY: Thank you. Let us examine what it will mean for the local government sector. 29,000 staff represent a cut of about 10 per cent to the public sector. In terms of the Department of Local Government that would mean a reduction of six staff out of 60. As the department does not have any human resource staff, this will mean ripping the guts out of the services the department can provide to local government across the whole community. It will mean less oversight from local councils, fewer inspections, fewer Promoting Better Practice reviews, delays in responding to complaints and limitations on their ability to provide information and advice to councils.

Is that what the member for Vacluse and his coalition really want? This is a policy on the run, run by extremists in the Liberal Party. We all know that their party is in turmoil. What makes them think they could run the State? The reason they need to slash and burn services in the public sector is that they have been caught out promising the world to everyone who comes to their door to get elected. Their spend a metre is now running in excess of \$20 billion. Let us be absolutely clear about this. The Liberal Party has an agenda, an agenda for Australia. The Howard Government's Work Choices, they are No Choices policy that will result in a loss of conditions and wages for workers right across New South Wales. The member for Vacluse and his coalition in New South Wales want to slash and burn the public sector. They do not care about providing services or what effect this has on the workers and their families. They are an extremist party. They do not care about workers and providing services. This is bad policy that will damage the local government sector.

As Minister for Local Government, may I put on record my thanks for the work the staff of Local Government undertake. I have found them to be professional and extremely hard working. They are a very small group of 60 people who contribute directly to the economy of Nowra and the South Coast. The distinction between the Iemma Government and the coalition, led by the member for Vacluse, is clear. This is a Government that cares about providing services and values the

contribution made by the public sector. The coalition do not care about services or people. They will put out of work, they do not care about the people who are affected by No Choices or the effects that it will have on their families and on their communities.

The member for Vacluse has got this wrong. The community is telling them they want to keep services but the coalition is not listening. If only the member for Vacluse lived in the real world and could relate to every day people, then perhaps he would understand the devastating effect that his policy would have on the hard working families across the State, but instead we have to put up with his extremist, callous and ill-conceived policy. I am certain the people of this State will treat him with the contempt that he and his coalition partners deserve.

The Hon. PENNY SHARPE: Minister, could you inform the Committee how important good governance and strong leadership is in the every day running of local councils?

Mr HICKEY: A very good question may I say.

Ms HALE: Considering you wrote it.

Mr HICKEY: I beg your pardon, Ms Hale?

Ms HALE: It was an aside, Minister.

Mr HICKEY: I am only too pleased to share some thoughts on what I believe are some key challenges to the local government sector in New South Wales. Your question relates to the challenge of achieving good leadership and governance in councils, leadership that focuses in the right areas. If council shows good leadership and has good governance, everything else council does will be much more effective. We need leaders who do not only talk to the community but also listen and understand their needs and aspirations, leaders who create the vision for their council and then prioritise actions to achieve that vision.

We have some councils which have taken up this challenge and are planning in a very strategic way. Now is the time for all councils to look at what opportunities exist. Many councils are currently reviewing their local environmental plans as part of the planning reforms. This should be seen as an opportunity for councils to revisit the community's aspirations and confirm the councils' vision and strategic direction. A councils local environmental plan should be then reflected in strategic direction. Now, I know that strategic plans are not a requirement of the Local Government Act but that has not stopped many councils from developing one. These councils have asked their communities what they really want from their council. We have got councils from Waverley, Penrith and Kacool that have set strategic plans for the future and are working towards achieving their goals. This process may require some tough decisions on the nature and level of services provided, but it is the key quality for good leadership. An effective councillor's role is to make sure that the council has a strategic direction. This direction should then be reflected in the local environment plan and other council planning and reporting processes to ensure services are provided to meet the community's needs.

You may be aware that the primary reason councils end up being investigated is due to poor leadership and poor governance system. Without planning and transparency and accountable policies councils are more likely to make poor decisions and leave themselves open to investigation or court action. Now, obviously any council's involvement in court action usually leads to the need for legal representation by firms and having these remedies for breaches of New South Wales laws is essential. If councillors in New South Wales showed good leadership and established good governance, councils would spend less time defending legal actions and have more money to spend, money to upgrade infrastructure and provide valuable services to their ratepayers.

To promote good practice in local government, in the New South Wales Government initiative, the Promoting Better Practice Program, which you have a heard a lot about today, the aim is very simple: Stop the rot before it gets out of hand, learn from others and do not reinvent the wheel. The key finding of this program has been good governance delivers good performance.

The department is also looking at better ways of integrating councils' planning and reporting requirements. Recent discussions and consultation with the councils, industry groups and State agencies has confirmed that there is a need to better integrate councils' planning and reporting. This project is a priority for the department. I expect that the proposal outlining the options for strategic planning, cutting red tape and improving the planning and reporting system will be released towards the end of the year.

Another tool available to councils to promote good governance is the pecuniary interest guidelines that were just recently released. In recent cases the Pecuniary Interest Disciplinary Tribunal has strongly criticised councillors for failing to make full and proper disclosures in their returns. The tribunal has also criticised councillors for not being fully aware of their pecuniary interests obligations at council meetings. I am aware of at least one Committee member sitting at this table who has been found guilty of this sort of behaviour in the past. The community expects councillors to act at the highest levels of honesty, integrity and transparency. That is why we are helping councils to ensure that they are aware of their obligations to law and to their ratepayers. The guidelines should form a key part of the introduction to new councillors, committee members, staff and council advisers.

To ensure that all councillors are aware of the many available tools that promote good governance, the Government announced that all councillors that are elected in the 2008 local government elections will be required to attend training. It will be similar to the company directors' training which has been a requirement since the 1970s. It is focussed on good leadership. All of these New South Wales Government issues aim to improve leadership and governance in local government.

I now want to briefly touch on two other important State Government initiatives. We all know that there are skill shortages in many sectors of the economy, including local government. That is why the Government set up the professional skills and training shortages taskforce. The taskforce has identified a number of priorities. These include addressing immediate skill shortages through a scholarship program, developing targeted training programs and promoting local government councils as employers of choice. It is also important that the sector uses its available skills collectively to best advantage. Councils need to share their staff expertise. Sharing is also why a strategic alliance network has been established. The network was kick-started at a very successful strategic alliance network conference held in May this year with over 200 delegates from 100 councils attending. The network will play an important role in giving councils an information source so that when we stop reinventing the wheel across the State and get on with the job, I always hope it will encourage other councils to work with their neighbours and other neighbours to improve the delivery of services to their communities. We will also learn more from this initiative very soon.

I know many councils in New South Wales are taking on many challenges facing local government at this critical time. They are showing good leadership and governance. The next challenge is for these councils to encourage the rest of them to follow and the long-term benefit will flow through to the New South Wales community.

CHAIR: If I could just get back to the Tweed Council questions I was asking earlier, you gave to the Committee some details of the cost of petrol, for example, and estimates for a number of councils including Lismore and Bourke, but you said you could not provide to the Committee the costs associated with the administration of the Tweed Council. If you can provide petrol costs, why can you not provide the cost of the administrators to date at Tweed?

Mr HICKEY: I did not say I could not provide the cost, what I said - if my memory is even half good - was I could not provide the Committee with the time that administrators spent at the council. I think that was the question, not the cost, and I will find you the cost if you give me a moment. I am sorry, I have the election costs of each council, so I apologise. I knew that I had some costs. I have not got the costs of administrators, but I will take that on notice and get back to you.

CHAIR: It would be appreciated if you could provide the costs of the salaries, travel and accommodation.

Mr HICKEY: But the question I was asked was the time that administrators spent at each council and I cannot provide that.

Ms HALE: That was the number of times they visited each council.

Mr HICKEY: I have not got that sort of information.

Ms HALE: Presumably it would be if they claimed expenses, it would come up--

Mr HICKEY: Well, it comes out of the councils themselves and the general managers look after that, not the Minister.

The Hon. DAVID OLDFIELD: I thought you gave us the answer, you very succinctly said that they visited as often as necessary.

Mr HICKEY: Yes, they do visit as often as necessary.

Ms HALE: Who determines what is necessary?

Mr HICKEY: Well, they do and the council staff do.

CHAIR: Well, on notice, can you provide us with those costs?

Mr HICKEY: I can find out the costs.

CHAIR: And the number of times that they have visited?

Mr HICKEY: I doubt if the council keeps a record of each time an administrator - I will find out. I will take it on notice and give you the information that I have.

CHAIR: That would be appreciated. If you could give us the total cost of the administration of Tweed Council to date, under administration, including all expenses associated with the administration, including the item that was discussed earlier, Ms Slattery's salary.

Mr HICKEY: Not a problem.

CHAIR: It is noted that you have appointed Mr Frank Willan as the replacement administrator for Mr Payne. Can you advise the Committee was this an appointment for which nominations were invited, or how was that appointment made?

Mr HICKEY: The appointment was made by a list of CVs coming to my office and me going through those CVs to see who would best suit that area.

CHAIR: So did you call for the CVs or how did they come to your office?

Mr HICKEY: I asked for the CVs of quite a few people and I selected the CV that I thought was best appropriate to fulfil that role.

CHAIR: So you had a short-list that you invited to put forward their CVs?

Mr HICKEY: Yes.

CHAIR: As Mr Willan also works for the Department of Local Government, does that not potentially--

Mr HICKEY: Does he? No. I apologise, ask your question?

CHAIR: He worked in the Minister's office, did he?

Mr HICKEY: No.

CHAIR: Where was he appointed from?

Mr HICKEY: He was former administrator at Glen Innes and he retired. I mean he was a former administrator. That is who I asked for, people who would be best to fulfil the role, and a list of CVs forwarded to me to make a selection.

CHAIR: Did Mr Payne receive the administrator's salary on top of the salary received in the Director-General's office?

Mr HICKEY: I will let Mr Payne answer that.

Mr PAYNE: I wish. No.

Mr HICKEY: I would not pay him.

CHAIR: Has there been any trend relating to legal action concerning the Tweed Council since the administrators were appointed? Has there been an increase in the number of legal actions relating to Tweed Council since the appointment of administrators?

Mr PAYNE: If I could answer that, and this is during my period as administrator, in fact the amount of legal action that Tweed was subjected to had increased, but it was coming from one sector, one particular firm, for which council has just been awarded costs, so the net position will be quite favourable to the council provided it can recover those costs from the particular group involved.

CHAIR: Can you name the group?

Mr PAYNE: It is called Gales Holdings.

Mr HICKEY: But there has been an increase in legal action across the whole of the local government sector. Without specifying an individual council there has been an escalation in legal fees and court challenges across the whole local government sector in New South Wales.

CHAIR: What do you put that down to?

Mr HICKEY: I put that down to people being better informed and people questioning councils' strategic planning processes.

CHAIR: Have you got an overall figure of by how much it has increased?

Mr HICKEY: No, I have not, but it is anecdotal, it is something that every council has been raising. It will come out in the performance reviews when we compare all the information. That will be a figure that will come out as something that I am very concerned about, but that is something I will be taking up with my colleague, the very honourable Frank Sartor.

CHAIR: So it is planning related?

Mr HICKEY: Well, the majority are planning related, yes.

The Hon. CHARLIE LYNN: Is the "very honourable" title one that Frank gave himself?

Mr HICKEY: One that I bestowed upon him.

CHAIR: Minister, in relation to Tweed, did the former general manager Dr John Griffin prepare a response to the Daley inquiry's recommendations?

Mr HICKEY: I have no idea.

CHAIR: You don't know?

Mr HICKEY: No. I do not go into that detail. Neither does the Director-General.

CHAIR: Can you find out?

Mr HICKEY: I suppose I could ask, but you could pick the phone up and ring yourself too.

CHAIR: You are the Minister.

Mr HICKEY: You are the Chair of the Committee. I will find out for you.

CHAIR: What I would like to know is did the chief administrator at the time, Mr Payne, use words, say words or write words to the effect that he and the other administrators and the bureaucracy in the department were not satisfied with Dr Griffin's recommendations?

Mr HICKEY: I have no idea.

CHAIR: Is the Director-General aware of that?

Mr PAYNE: I am not aware of that.

CHAIR: Minister, as you would know, the Tweed administrators have outlined a seven-year plan, which includes \$133 million for projects that are not currently funded. Do you think that that is good and proper administration, to have a plan that is not funded?

Mr HICKEY: My Director-General can correct me if I am wrong, but my understanding from talking to Mike Rainer, the general manager of Tweed, is that the seven-year plan was something that was endorsed by the former councillors before they were put into administration, but I will let the Director-General answer that question as well.

Mr PAYNE: When we arrived in Tweed we found sitting on shelves a number of reports, total value whose guess, say \$3-4 million worth of reports. The seven-year plan was in fact the response to those reports. The reports were quite good - vegetation studies, coastline studies and so on - but there was no funding to underpin them, so the seven-year plan was developed in response to those plans and I would expect that over a period of time - it is not going to happen tomorrow, but over a period of time - those plans will be put in place.

CHAIR: So the administrators were actually following up on what the elected--

Mr HICKEY: Well, it sounds to me as the Minister that the administrators were formulating one plan out of numerous plans and trying to implement what the former council had spent quite a considerable amount of money on and correlating it together into one seven-year plan rather than a lot of documents that were being put on the shelf, collecting dust. That is my understanding; I could be wrong.

Mr PAYNE: It was not 100 per cent, all the plans, but a large part of the seven-year plan was in fact based on those former reports.

CHAIR: Do you know how much of the seven-year plan is funded?

Mr PAYNE: That is a difficult question. In reality, if there was no additional funding, most of those major reports could not be put into place without cutting other services, I mean it depends how you approach it, but to undertake for instance the work that is required on the Jack Evans Boat Harbour would require additional funding or the cutting of services elsewhere to fund that.

Mr HICKEY: May I point out: To fund a seven-year plan in one year would be extremely hard to do when it is a seven-year plan to be costed over seven years.

CHAIR: Sure.

Mr HICKEY: To take it out of one budget you could not do. You need to cut your cloth with the material that you have.

CHAIR: But did anyone propose to take it out of one year?

Mr HICKEY: Well, you are saying the majority of the major projects are not funded, but in the next six years they could be. That is something that needs to be determined at the next rate rise.

CHAIR: Minister, can you tell the Committee why you will not allow the ratepayers at Tweed to have a council election ?

Mr HICKEY: Sorry?

CHAIR: Why will you not allow there to be an election for the Tweed Shire Council?

Mr HICKEY: It is a very simple reason, the same as a lot of the places where there is administration. If I go back to the document we were talking about before with the councils under administration, if you look at Liverpool Council - and I am putting Tweed in this as well - if you look at Liverpool, \$380,084 for an election, Tweed \$279,279 for an election, Walgett \$66,739, Warringah \$364,383 for an election. Now, that is over a million dollars. It is \$1,090,485 for those four councils to go to an election. That is a million dollars that councils can use.

Considering we have been talking about the cost shifting and the problems with sustainability of councils, to have an election now in 2006 and then turn around and spend another million dollars in these four council areas, to have another election in 2008 would be a waste of ratepayers' money, and I am charged with being responsible for ratepayers' funding and councils' money. In one breath I am being damned if I do, because I would be wasting ratepayers' money, and in the next breath I am being damned if I do not, because of democracy. I think that weighs very easy on my shoulder; I am pretty balanced about this. There will be an election in 2008, but why should we waste ratepayers' money, and especially at Tweed, \$279,000 could go to some of those projects that we just discussed.

CHAIR: What is the total cost of administrators across the State compared with the cost of elections?

Mr HICKEY: That is something I will have to get back to you on. I will take it on notice. If you are replacing councillors, to answer that question, the administrators are replacing the councillors who were running that council, so it would be virtually the same cost.

CHAIR: So you will provide that information?

Mr HICKEY: I will provide that information.

CHAIR: Given that there were no negative findings against the former Tweed Shire Council, either under the section 430 inquiry or in the Daly inquiry, should not the council be reinstated?

Mr HICKEY: Madam Chair, the council was actually dismissed before me by the prior Minister. It is something that I am fully aware of, the issues that you raise, but at this stage I think we should leave the administrators in place and do the best we can for the Tweed area.

CHAIR: But you are the Minister now, so you are the one who could answer my question. Do you not think they should be reinstated now?

Mr HICKEY: No.

CHAIR: Can you tell me why not?

Mr HICKEY: I feel that to reinstate the council would only escalate the problems there at the moment. I mean we are going through a--

CHAIR: What problems?

Mr HICKEY: Well, the problems of administration and--

CHAIR: So there are problems with the administration?

Mr HICKEY: --I have been to the Tweed at the Cabinet meeting held there and there were issues raised with me at Tweed and I think that the commissioner submitted his first report to Parliament. This report dealt with the aspects surrounding the funds raised and the contributions made to council supported by the Tweed directions and the commissioner stated that the integrity of the Tweed directions, the councillors are so undermined, that the public can no longer have confidence that they can and will carry out their duties and functions to the standards expected of them. In other words, the first report was very damning of the councillors because of the integrity of the Tweed direction scenario. So I am keen to remain and let democracy take its place in 2008.

CHAIR: But not now?

Mr HICKEY: Yes, not now, in 2008, for all the reasons I have given prior.

CHAIR: So that is your view?

Mr HICKEY: That is my view. I have actually spoken to the reporter, Colleen Davis, and I stated that very clearly in the local paper up there.

CHAIR: Minister, if I can talk about the pecuniary interest issue, can you tell the Committee how many major investigations have been conducted by the department in relation to pecuniary interest matters?

Mr HICKEY: Madam Chair, that is on our web site.

CHAIR: Has it got the names of the councils concerned?

Mr HICKEY: Yes.

CHAIR: And the outcomes of those inquiries?

Mr HICKEY: All there.

CHAIR: If I could ask you about Budget Paper No. 13.4, there is a reference to retained revenue and investment income of \$207,000 for the budget 2005-2006, and then there is a revised figure of \$357,000. Can you tell the Committee why there was an increase in investment income and what investments does the department have that generate such income?

Mr HICKEY: I will let the Director General. He has got the page.

Mr PAYNE: The only investment income that the department receives is basically interest from moneys we hold. The primary source of that interest is the companion animals registration fees that are brought in to the department prior to them being distributed back to councils, or about 80 per cent back to councils. At the end of the day it is a best estimate, because nobody really knows how many dogs are out there, or cats, and that would comprise, I would suggest, the greater majority of the

interest earned. About \$4.5 million came in in 2005-2006 from memory.

Mr HICKEY: 4.8.

Mr PAYNE: 4.8. Could I just say, Madam Chair, that the registration fees are remitted to us entirely. We run a State-wide register and we have some additional overheads, and the balance of that money, around about 80 per cent, 77-80 per cent, is returned to the councils that submitted it and the interest, we hold that money for a short while until it is returned and that is the interest returned.

The Hon. DAVID OLDFIELD: Minister, with regard to the administrators have there been any comparisons done between councils currently under administration or previously under administration and councils that are not with regard to satisfaction of ratepayers?

Mr HICKEY: It is very strange because once a council goes under administration, first of all the community really do not like the administrator, but normally when they go to an election all we get in the office is letters asking us to keep it under administration. I find that very odd and I get that regularly across my desk, files coming across with ratepayers asking me to keep administrators in place.

The Hon. DAVID OLDFIELD: Why do you find that odd?

Mr HICKEY: Well, I think democracy - as Minister my attitude is with administrators in councils, I would much prefer to have - in my time in the Local Government Ministry I have shown very clearly I am very tolerant of wayward councils. I am trying to put them back in rather than suspend or put a 740 into council. I would much rather work with the council than sack the council. It is democracy and to me the last thing you do is dismiss a council. That does away with people's rights and I think that is wrong, but there needs to be the 740 there as a last resort. This is my personal belief, this is not the belief of anyone else. To me we should be trying to work with, encourage and pull back in councils that have been wayward and try to do everything we can to remedy the problem rather than dismiss a council.

The Hon. DAVID OLDFIELD: In what ways do you realistically believe people's rights are impacted where they have an administrator as opposed to councillors?

Mr HICKEY: It is just a democratic political belief that I have. One that I grew up with, one which my grandfather bestowed upon me at a very early age.

The Hon. DAVID OLDFIELD: But is it based on the simple matter of every four years going and electing some person?

Mr HICKEY: It is a belief that the community has a right to be represented by the people that they vote for. It is a simple belief. I am a very simple man, being a country boy. I believe that people have rights and they should elect their representatives and those representatives should represent in a very compassionate way and show leadership for the community.

The Hon. DAVID OLDFIELD: Is it not a question though of how far you take this representation? In a de facto sense has not the State Government been elected and then the State Government appoints an administrator who is then merely representing the people under the circumstances as expected by the State Government?

Mr HICKEY: Agreed, but a last resort.

The Hon. DAVID OLDFIELD: So you say, do I get this right, that initially when administrators are appointed there is a bit of a hue and cry, which I am sure you would agree would only be from a very minor percentage of the community anyway. It seems to me that most people in the community are getting on with their lives and are not terribly concerned about what is happening with their local council, but there is a bit of a hue and cry in the first instance, and after that, once the administrators have settled in, you are suggesting that you have actually had people asking that the

administration continue?

Mr HICKEY: Yes.

The Hon. DAVID OLDFIELD: You raised before the issue with regard to the Federal Government and the petrol situation. What would you propose the Federal Government should be doing to alleviate the price of petrol?

Mr HICKEY: I think there are many things that the Federal Government can do. Linking this to the world prices I think is quite bizarre and shifting all the gas and oil off the west shelf to other countries is quite bizarre, when we should really be doing a lot of that ourselves. I know that in the Crafer Valley I think there is the Shell refinery. I stand corrected if I am wrong. We do do some refinery work but most of it is offshore. I think we should be looking at ways of implementing some of those decisions to us, but the Federal Government, to me, should do something about the pricing, give more tooth to the Australian Competitive Consumer Commission to stop the multi-nationals from affecting families at the bowser.

Australia being Australia, the big issue here is distance. The big issue with families is being able to traverse those distances. It is not a fanciful thing, it is an essential thing for people to travel and increases in petrol prices is really hurting the mums and dads of our community. I have even heard people say that they will not be able to take their children to sporting events. My son plays basketball rep. Now, I have had mums and dads say to me that they cannot afford to take their son who is also representing the Cessnock area in basketball, cannot afford to take that child to games. So I go around and pick that child up.

To me, it is hurting people in a way that we just do not understand. People in the city do not understand the impact it has in rural and regional areas of New South Wales and I believe the Federal Government needs to show a bit of compassion, needs to give some teeth to the Australian Competitive Consumer Commission and try to stop the issue of companies working together in a way that you see when one petrol station put its price up, they all follow within five minutes. That is a ridiculous situation. We need to do something about it. I am the Minister for Local Government but I can see the impact and we need to work together to resolve this problem. This is an issue that is affecting mums and dads across our community.

The Premier has raised the issue of ethanol blend. That is one area we can look at. There are many areas that can address this situation and ease the impact. Maybe we should be working together and take politics out of addressing this problem.

The Hon. DAVID OLDFIELD: Have you ever known that to happen before?

Mr HICKEY: Once or twice. It happens in my office regularly.

The Hon. DAVID OLDFIELD: You take the politics out of your office?

Mr HICKEY: When the situation needs to take the politics out and remedy the situation, yes.

The Hon. DAVID OLDFIELD: So you would be pushing for more self-sufficiency generally with regard to processing?

Mr HICKEY: Yes.

The Hon. DAVID OLDFIELD: And your other concern seems to be multi-nationals sending all the profits offshore at the cost of mums and dads?

Mr HICKEY: Exactly, exactly.

Ms HALE: Minister, when you say that you take the politics out of issues, does that mean

that when you come to the appointment of council administrators you would never consider the appointment of a Labor mate, such as Vic Smith, the former mayor of South Sydney?

Mr HICKEY: Or Lucy Turnbull the--

Ms HALE: Or Gabriel Kibble or Dick Person, all Labor appointees.

Mr HICKEY: They may be all Labor appointees but I am unsure of their politics.

The Hon. CHARLIE LYNN: We are not.

Mr HICKEY: I do not think Lucy Turnbull is a Labor appointee, is she?

The Hon. CHARLIE LYNN: No, I am saying - you said you are not sure of their politics. Most other people are.

Mr HICKEY: I look at curriculum vitae as they are. If a person can give me - are you saying Vic Smith should not be appointed to Walgett Council?

Ms HALE: I would like to ask you some questions about the administrator of Walgett Council.

Mr HICKEY: I am happy.

Ms HALE: Before we do that, Minister, you say that the administrator takes the role of the elected council. Why is not the administrator therefore paid as the elected councillors are paid? For example, why is not his remuneration the sum total of the councillors' payments?

The Hon. DAVID OLDFIELD: It is a full-time job to start with.

Ms HALE: So are councillors.

Mr PAYNE: The remuneration of the administrators varies depending on the load, but the general rule of thumb is that the cost of the administration should not exceed what the cost was of the former councillors. If you go to Tweed, and I am working on recollection here, but the cost of the former councillors, fees to councillors, plus entertainment, plus conferences, et cetera, was about \$400,000. The cost of the administration up there I would estimate would be about half of that.

Ms HALE: Minister, you talk about local democracy and how it needs to represent the community. Why is there not a requirement that the administrator live or reside within the local government area during the course of his appointment?

Mr HICKEY: Because I believe that administrators are appointed for their ability to remedy some situations. I think administrators have some expertise in addressing issues in the community. You talked about the appointment of Vic Smith. In Walgett the issues are many and varied, no more than the issue of indigenous communities needing to be addressed. I looked at who I was going to put into Walgett and Vic Smith came to mind because he worked tirelessly with the Redfern community and had a strong connection with the indigenous people in South Sydney.

Ms HALE: And supported the retention of The Block, presumably?

Mr HICKEY: Well, I am unsure of what he supported and did not support. At the end of the day it is about horses for courses, it is about ensuring the best person for the job at the time and ensuring that the job is about fixing the problem at the council, so to say that we should be just looking inside the local government area for the person to remedy that situation may not give us the outcome we want.

Ms HALE: Are you aware of the complaints from Walgett about the failure of the administrator (a) to visit the area regularly - people say they are lucky to see him once a month; (b) his failure to visit Lightning Ridge, which is a far greater centre of population than Walgett is, and (c) his failure to attempt to look at the problems of Lightning Ridge where we have a great many people living on mining leases without water, without electricity, without sewerage and without garbage removal?

The Hon. DAVID OLDFIELD: Without opals in some areas.

Ms HALE: Many are retired people, in fact miners who went there looking and had no success, who are now living in these extraordinarily substandard conditions in the inner area of Lightning Ridge.

Mr HICKEY: Is that the end of that question?

Ms HALE: Yes.

Mr HICKEY: Ms Hale, Sylvia - what would you prefer?

Ms HALE: Sylvia will be fine.

Mr HICKEY: Sylvia, I am very aware of some of the issues that you raised. As a matter of fact I appointed Vic Smith on 30 June to be the administrator in the Walgett area. There is a reason I appointed Vic, because I thought he would be very, very good at that job. I met Vic for the first time in this House and spoke to him at length about how he would address the problems at Walgett considering his background and his ability to link people together. I was quite surprised though, after a fortnight of Vic Smith being there, him coming into my office and giving me a detailed response as to what he was going to do to fix the Walgett issue and, if anything, I think I am underpaying that man because he spent two hours telling me the problems in the Walgett area and what he was going to do to try to alleviate the issues that you raise. I would encourage you to take the time to talk to Vic Smith because he is a very positive man and he is positive he is going to address the problems in the Walgett area to the satisfaction of the community before 2008 at the next election.

Ms HALE: Would you provide the Committee with the details of what is intended to be done in the Walgett local government area to address the problem there?

Mr HICKEY: I cannot do that. What I can do, though, is ask Vic Smith to meet with you one day of your choosing.

Ms HALE: Would you also provide the Committee with details of the numbers of occasions on which he has visited Walgett and Lightning Ridge and the community groups he has met with whilst in Lightning Ridge?

Mr HICKEY: I think you are being a bit unfair. It is two months since being appointed. I am happy for him to give you those details, I am happy for you to ask Vic for those details, but to think in two months that he is going to change the world is a little bit ridiculous, I think.

Ms HALE: But you said he had spent two hours telling you what he intended to do, so I am asking you what it is intended to do?

Mr HICKEY: Yes, he came into my office and spoke to me in detail about the issues of indigenous problems, what he wanted to do to fix those problems. What he asked me to do was talk to the Aboriginal Affairs Minister, the Police Minister and he gave me a list of jobs to do as a matter of fact to help him in his endeavours to fix the problems in the Walgett community. I am quite enthused by his enthusiasm. I think that Vic Smith is showing me that he is trying to do a good job, but if you think Vic Smith can turn it all around in two months in the Lightning Ridge area, I have to tell you that I think you are kidding yourself and me if you believe that.

Ms HALE: You just said that he asked you to do a number of things to assist in resolving Walgett's problems. Would you care to enlighten the Committee as to what Mr Smith has asked you to do to assist him in his task?

Mr HICKEY: I just did. Were you listening?

Ms HALE: I would just like the detail of it.

Mr HICKEY: I think if I am going to go into the detail of every conversation and every meeting I have with this Committee, what has that got to do with my budget?

Ms HALE: You said that he asked you specifically--

Mr HICKEY: Madam Chair, what has this got to do with--

Ms HALE: Well, if you don't want to answer--

Mr HICKEY: No, I think you need to be a little bit reasonable. I will ask my staff to refer to diary notes if we need to, but at the end of the day it is about budget estimates, isn't it?

Ms HALE: As you know full well, budget estimates can cover the whole range of activities within your portfolio.

Mr HICKEY: And every conversation I have in my office?

Ms HALE: You volunteered the information--

Mr HICKEY: I told you the information I volunteered. Vic Smith raised the issue of--

Ms HALE: --that the administrator of Walgett Council asked you to do some specific things to help administer Walgett or come to reasonable outcomes there. I am asking you what those things are that he has asked you to do?

Mr HICKEY: I told you.

Ms HALE: Well, please tell me again?

Mr HICKEY: No. Madam Chair, if I am going to answer questions and be rudely interrupted every time I open my mouth, I am wasting my time here.

CHAIR: Minister, the question was pretty simple: Can you provide the Committee with the matters that you are expecting Mr Smith to do to fix the problems at Walgett?

The Hon. DAVID OLDFIELD: That was not the question.

Ms HALE: No, my question was that Mr Smith asked Mr Hickey--

Mr HICKEY: How am I supposed to answer questions when the Committee does not even understand the question?

The Hon. DAVID OLDFIELD: Some of the Committee.

Ms HALE: What I asked you was what Mr Smith has asked you to do to help him to resolve the problems at Walgett shire.

The Hon. TONY CATANZARITI: Point of order. I believe that the question has been answered. I certainly heard that the Minister was asked by Vic Smith to approach the Police Minister, approach the Aboriginal Affairs Minister, and I think there were a couple of others, as to what to do. I

do not believe that the detail of that is in the interests of the Committee at this particular stage. I think you have to allow the Minister to provide that information to the administrator and let him get on with his job.

Ms HALE: It is precisely that detail that I think is relevant because obviously if we are looking for good outcomes in Walgett shire we must know what the administrator considers to be the problems and how he thinks those problems can be resolved.

CHAIR: Minister, can you answer that question?

Mr HICKEY: Madam Chair, the meeting I had with Vic Smith related to, firstly, indigenous issues, and he wanted some help in regard to those indigenous issues and he asked for my help to see if I could find some funding from either the Aboriginal Affairs Minister or the Police Minister. That is one aspect. The other aspect that Mr Smith has raised with me is planning. He is trying to address some of the issues with planning. I think that will go a long way to addressing some of the problems that Ms Hale or Sylvia has raised and I feel sure that he has met with department people. I am not privy to some of that conversation, but it shows to me that within the first fortnight Mr Smith was on the ground running to address some of the issues in that area and I feel sure and confident to say that he will be working hard to address the issues.

Ms HALE: So Mr Smith did not raise the problems of housing?

Mr HICKEY: Planning.

Ms HALE: No, I am asking if he raised the problem of housing in Walgett with you and the absence of public housing in that area. He did not raise that with you? He did not ask you to make representations to the Minister for Housing?

Mr HICKEY: Madam Chair, if I may--

The Hon. CHRISTINE ROBERTSON: Walgett has public housing.

Ms HALE: Lightning Ridge.

Mr HICKEY: Madam Chair, am I here or not? I am concerned, no matter what I say at this point, if Mr Smith did or did not raise some particular event that Sylvia wishes to discuss, she will condemn the man to death. As I stated at the very beginning, Mr Smith met me within the first fortnight of his appointment and he is trying to address the issues of that community and he is working hard, and I will leave my statement at that.

Ms HALE: Moving to integrated planning and reporting--

The Hon. TONY CATANZARITI: It is time.

Ms HALE: Could I just ask this question: There is considerable duplication in the reports that have to be provided to you and to, for example, the Minister for Planning. Will you be moving to remove that unnecessary administrative burden on councils?

Mr HICKEY: Madam Chair, the department is currently undertaking a review of existing local government planning and reporting framework with a view to strengthening councils' strategic focus and cutting red tape in planning and reporting processes. So far a discussion paper has been issued to all councils, relevant government agencies and industry groups to gauge councils' current strategic planning process and canvas their views on improvements. Consultation has also been undertaken with industry representatives such as the Local Government and Shires Association, LGMA, LGCSA and Corporate Planners Network. An options paper with a series of proposed reforms is currently being prepared. The project aims to improve councils' capacity to engage their communities in planning for the future and to strengthen links between local, regional and State service providers. This will result in more effective and efficient use of council resources and

improved long-term management of community assets. These areas were identified as key concerns in the recent Allen inquiry into the financial sustainability of local government. I hope that addresses your question, Sylvia.

The Hon. TONY CATANZARITI: I have one quick question and it may have been touched on earlier, Minister, but I will ask it. What are you doing about the Local Government and Shires Association's requests for an intergovernmental agreement with the State Government?

Mr HICKEY: Thank you very much and what a great question. On 12 April this year I signed a national intergovernmental agreement on behalf of the New South Wales Government. The intergovernmental agreement sets out framework on how these three spheres of Government will relate to each other. The associations have prepared a draft intergovernmental agreement for New South Wales and referred it to me for consideration. I am currently consulting my colleagues on the document and have requested my staff and department to provide me with advice following further discussions with the associations. A meeting with the Local Government and Shires Association and my staff has been scheduled for later this week. Any intergovernmental agreement at a State level must be consistent with the national intergovernmental agreement.

The Hon. CHRISTINE ROBERTSON: Minister, would you please advise us on the circumstance of sister city relationships please?

The Hon. CHARLIE LYNN: We covered that in some detail.

The Hon. CHRISTINE ROBERTSON: No, he was not asked all about sister cities. I come from the country. It is important.

Ms HALE: Sister cities always are.

CHAIR: Minister, you have got the floor.

Mr HICKEY: Thank you very much, Madam Chair. I have made it abundantly clear on numerous occasions, both publicly and in meetings, that more city councils should consider establishing sister city relations with rural councils within New South Wales. Establishing sister cities within New South Wales would bring city and country closer together and encourage councils to share ideas and resources.

For regional councils the potential economic benefits of having a sister based city could be significant. For example, larger councils could take on some of the planning and engineering work of smaller regional councils. That way smaller regional councils can focus on the core activities like roads and infrastructure. Larger metropolitan councils are in a position to offer valuable policy advice and assistance to rural councils. Other benefits of forming sister city relationships include: councillors and mayors could improve meeting procedures through mentoring or observing council meetings and how they operate; using relationships to independently assess council development applications, or as they are commonly known in the local government sector, DAs; and encouraging short-term development opportunities to all city employees to fill staff shortages in some remote areas. Opening a sister city dialogue within New South Wales is of more value to the ratepayers than cultural ties with overseas councils.

I wish to commend those councils that have already recognised the benefits of sister city relations, including Mosman Municipal and Glen Innes Shire Councils, Hurstville City and Tamworth Councils, Bankstown City and Broken Hill Councils, Campbelltown City and Coonamble Shire Councils, Rockdale City and Gilgandra Shire Councils and also Penrith and Lachlan Shire Councils.

Such ties between city and bush are not confined to the way local government does business. Potentially, the links forged between councils should create tourism opportunities throughout the State. Overall, there is enormous potential in building community spiritual and cultural links between metropolitan and rural New South Wales. Both the bush and the city can learn a lot from each other. By working together they create more opportunities for their communities.

To make a point of this I wish to share with the Committee a worthy trip I took to Condobolin last week in order to formally witness the signing of the friendship agreement between Lachlan Shire and Penrith City Councils. This year Lachlan Shire Council is celebrating its centenary of local government. The first temporary Lachlan Shire Council was appointed on 14 June 1906 and the first permanent council was appointed on 24 November that year. It is, therefore, appropriate for all of us to take stock and reflect on the achievements made over the past 100 years. It is also an opportunity for us to look forward and to think about what we want our communities do be like in the future. Lachlan and Penrith are about 450 kilometres apart. They are separated by the Great Dividing Range. It is not an easy ride but one that can take roughly six hours or so. In 1906 the thought of getting from Penrith to Lachlan in that space of time would have been unimaginable. Back then the idea of two councils working closely together or two communities to have regular sporting or cultural exchanges seemed fanciful, but a lot has changed in 100 years. With our modern transport and communications we are now never far from one another. As a result, last Wednesday I joined the councils in celebrating the signing of the friendship agreement between Penrith and Lachlan Councils.

As stated, since becoming Minister for Local Government I have strongly encouraged councils to work together to set up city/country council alliances. In doing so I have had some people ask me: What is the value in forming such partnerships? What do we have in common? For a start, all councils across New South Wales are a singular local government service system. Although the scope and focus of activities may vary, all councils work within the same legislative framework. We all seek to achieve the same outcome, that is a better of way of life for our community. I therefore believe there are many benefits to be had from our metropolitan and rural councils working together. Firstly, our communities benefit our young people by getting a better understanding of how each of us live. It can open up new opportunities, whether they are for education, business or social development. In this regard I am particularly pleased to see that the schools in the Penrith and Lachlan Shires are already establishing relationships. The arts groups are also working together to have joint exhibits and our councils benefit too by learning from each other, by sharing resources and by providing opportunities and for also, I think the most important part, development of their staff.

It has been suggested to me that the benefits only flow to the rural council, that the city has little to gain. This may often be true; after all, city councils have major resources. They are much better placed, for example, to recruit professional staff and to provide a broader range of services than their rural counterparts. As a result, I therefore believe that as a matter of principle wealthy metropolitan councils should be reaching out to help their country cousins. Isn't that what Australia is about? They should be working together with the smaller councils that are suffering the skill shortages, they should be sharing their knowledge and their experience, such as council policy and procedures. They can also look at ways of helping the smaller councils by sharing and replacing physical assets.

One really positive example that I am aware of is a metropolitan council which upgraded its playground equipment and gave its old equipment, which is still in very good condition, to its rural partner. That rural council now has play equipment where it previously had no ability or capacity to provide that. I also think that the suggestion that it is a one way street, favouring the rural council partner, ignores the less tangible benefits of such a relationship. I am sure that if we asked the officers from the Penrith Council who have been working alongside their counterparts in the Lachlan Shire whether they thought only Lachlan was benefiting, and I did that last Wednesday night and the answer came back as a resounding no. So I would like to take this opportunity in the Committee to recognise the councils' staff and the members of the Lachlan and Penrith communities who have worked very hard to bring this friendship agreement to fruition and I believe as Minister these types of relationships are very important to ways that our councils and communities can develop and work together to meet our needs for the future.

Now that the friendship agreement has been formally signed, I am going to encourage other councils across the State to think creatively on how they can achieve an outcome that is beneficial for their council as well. Thank you for the question, Christine.

The Hon. CHRISTINE ROBERTSON: Minister, further, in your time in the portfolio

what have you actually done to encourage more women to run for election as local councillors?

Mr HICKEY: That is a very good question. As Minister, I have been very keen to ensure that the gender balance across local government is addressed. This year, on Thursday, 2 March, I hosted the International Women's Day lunch in Parliament House and it was probably one of the more enjoyable days that I have had in Parliament. Many wonderful councillors travelled long distances to be present at the luncheon which I hosted to celebrate International Women's Day and the great work that female representatives are doing across New South Wales was shown there. In relation to International Women's Day it should be recognised that in 1908 it was established to highlight the struggle for women's quality worldwide and it is a story of ordinary women that they were the makers of the history. The day is celebrated for economic, social, cultural and political achievements of women and it also brings attention to the issues that still face women everywhere today.

The New South Wales Government strongly supports International Women's Day and from a local government perspective funded a program for local councils to promote and support International Women's Day 2006 by offering grants up to \$1000. This enabled local councils to work in close partnership with local women's groups to co-ordinate events to celebrate International Women's Day.

Down to the detail, I would like to take this opportunity to give you some statistics about women in local government and tell you about the things that the Department of Local Government under the leadership of Garry Payne has been doing to increase the representation by women in local government. At the last local government election in 2004 the proportion of female candidates was 32 per cent, an increase from 23 per cent. Still rather poor, but it is an increase all the same of 9 per cent. Sydney councils were slightly more likely to have female candidates than the non-Sydney councils, at 18 per cent and 14 per cent respectively. Currently, 26 per cent of New South Wales councillors are women. That is 400 out of a total of 1,523. Whilst that percentage is not yet representative of our communities, it is much higher than 1987 when only 16 per cent of councillors were women. However, this percentage is unchanged from the 1999 elections. In terms of council staff Australia-wide, in 2001 less than 10 per cent of senior managers were women, less than 29 per cent of managers and administrators in local government were women, with New South Wales proportions closely reflecting the national figures. In 2005 in New South Wales only four per cent of general managers and 14 per cent of senior staff are women.

Research undertaken in 2003 and 2004 by the Centre of Local Government at UTS confirms that employment patterns in local government Australia-wide has remained resistant to change. The research indicates that there are less women working in local government than in other tiers of government. It is obvious that women remain significantly under-represented in the decision-making in local government both as elected representatives and in management.

What is the department doing to address this issue? In 2003 the New South Wales Government formed the National Framework for Women in Local Government New South Wales Co-ordination Group, a coalition of partners, including key local government peak bodies, New South Wales Government agencies and some local councils. The Department of Local Government's contribution and support is ongoing. There is currently a groundswell of willingness amongst stakeholders to increase the participation of women in local government, both in the representative and management roles.

The group developed the National Framework for Women in Local Government kit. The kit includes practical resources to assist councils in developing local action plans to increase women's participation in local government. It contains strategies for increasing the numbers of women in senior management roles and as councillors and leaders. The kit also provides background and framework as well as information on the Ten Point Plan for Women in Local Government and the Hands Up For Women in Council information kit and the New South Wales Government Spokeswomen program.

I congratulate those councils for implementing action plans and making a serious effort to encourage more women into local government. In Local Government we have an obligation to foster

an environment to assist women who want to make a contribution to local government. Last June an electronic version of the kit was made available to all councils. Following the event, on 2 March this year I sent a copy of the kit to all New South Wales mayors, asking them to let me know what they were doing to increase the representation of women in local government.

The extent to which councils adopt strategies to implement the national framework is also being monitored by the department through the Promoting Better Practice program. The department is currently undertaking a review of the EEO planning and reporting by some councils to assess the level of compliance with reporting requirements.

I hope that has answered a lot of your questions. I think the lack of diversity in the positions of leadership has long been the case in local government. Encouraging diversity can create a new and different approach and solutions issue and make an important opportunity for councils to grapple with the current skills shortage and aging workforce. I think we need to recognise that skills shortage and aging workforce and, considering the large amount of women who are out there in the local government areas, there is a great opportunity for local government to link into that and address many of their problems.

The Hon. CHARLIE LYNN: I want to go back to the ministry advisory council that you mentioned earlier today, which is chaired by Ernie Page. Could you list for me again the make-up of the council?

Ms HALE: It is a very long list.

Mr HICKEY: Yes, not a problem. The advisory council members are the chair, the Honourable Ernie Page, the Newcastle mayor John Tate; the Dungog mayor Steve Lowe; the Botany mayor Ron Hoenig; Blacktown councillor Kathy Collins; Waverley general manager Kim Anson; Canterbury general manager Jim Montague; Orange general manager Gary Stiles; Murray general manager Greg Murdoch; United Services Union, Ben Cruise; Development & Environmental Professionals Association, Ian Roberts; Local Government Engineers Association, Lou Oldfield, and PDP Australia, that is the member of the public, Paul Nankivell.

The Hon. CHARLIE LYNN: Is there a secretariat for that organisation and, if there is, how is the secretariat--

Mr HICKEY: No, there is no secretariat. The department takes minutes.

The Hon. CHARLIE LYNN: Are there any expenses associated with that advisory council?

Mr HICKEY: Yes, there is a \$342 a day fee for the chairman, plus morning tea. I am not sure how much morning tea is.

The Hon. CHARLIE LYNN: But no other expenses. How does it operate without expense? Do they meet?

Mr HICKEY: They meet bi-monthly, every couple of months.

The Hon. CHARLIE LYNN: Who covers those expenses then? Are they reflected in the budget papers?

Mr HICKEY: No, there are no expenses. They meet on their own. They are not paid.

The Hon. CHARLIE LYNN: So each council covers the cost of their meeting?

Mr HICKEY: I am not sure. The mayors and general managers were happy to meet to address the sustainability issue in local government.

The Hon. CHARLIE LYNN: Where do they meet?

Mr HICKEY: Castlereagh Street.

The Hon. CHARLIE LYNN: So they drive from Newcastle and Dungog and there are no expenses involved in that?

Mr HICKEY: What I am saying is that the department does not pay anyone other than Ernie Page and he gets paid \$342 a day to chair the meeting. Having said that, we do pay for morning tea, which may consist of a pie and a bagel, I don't know.

The Hon. CHARLIE LYNN: But the salary and travel expenses are covered by the councils?

Mr HICKEY: I do not know.

The Hon. CHARLIE LYNN: Well, they would have to be. Somebody must pay them.

Mr HICKEY: They might be like me, they might do it out of the goodness of their heart.

The Hon. CHARLIE LYNN: But if a general manager takes a day off to come to Castlereagh Street he must I assume travel down, stay overnight and go back, and that cost is obviously covered by local government?

Mr HICKEY: Well, the way this committee was put together was I actually rang or had a list of people across the local government sector. I wanted to have some sort of representation from rural, metropolitan and regional councils. I rang each person who I thought would like to be on the board, who was making noises in the media about the issue of sustainability, and I asked them to be on the board. Now if they said yes, I said it was an honorary position, there will be no fees, there will be no payment, and they were happy with that, so I do not know how much clearer I can make it.

The Hon. CHARLIE LYNN: So these people were invited. Did you go out generally to all councils across New South Wales and invite participation?

Mr HICKEY: No, I looked at, in my discretion, the people who were making the noise in the media in regard to financial sustainability issues in local government and I asked those people to come forward as far as elected representatives. As far as general managers, I looked at general managers who were performing well, whose councils were performing well, and invited them on to the committee, and I thought the unions were a necessity to have there to address some of the issues such as "No Choices".

The Hon. CHARLIE LYNN: But there are no politics involved in that?

Mr HICKEY: No.

The Hon. CHARLIE LYNN: Of the councillors that are on that ministerial advisory committee, would you be able to advise us - and perhaps you can take it on notice - who are Labor councillors, Liberal councillors, National Party councillors, Greens councillors or Independents?

Mr HICKEY: Well, John Tate is an Independent, Steve Lowe is a National Party member--

Ms HALE: He has not yet been endorsed as the Labor candidate for the seat of Newcastle.

Mr HICKEY: I am not endorsing people here, I am at budget estimates.

The Hon. CHARLIE LYNN: I just wanted a break-up, that is all.

Mr HICKEY: I am sorry, I was rudely interrupted. My train of thought dissipated because someone rudely interrupted me. I apologise for that. Ernie Page is Labor. Ernie has the respect of all people across the local government sector and that is why I appointed him. John Tate is an Independent mayor of council. Steve Lowe is a National Party mayor at Dungog. Ron Hoenig is a Labor mayor at Botany. I am not sure of Kathy Collins' political persuasion.

The Hon. CHARLIE LYNN: I think she might be Labor.

Mr HICKEY: I do not know.

Ms HALE: I suspect so too.

Mr HICKEY: I do not know, she probably is.

The Hon. CHARLIE LYNN: A good candidate.

Mr HICKEY: A good candidate. I cannot tell you the general managers' political persuasion. The United Services Union I am unsure.

The Hon. CHARLIE LYNN: They would probably lean towards Labor, wouldn't you think?

Mr HICKEY: In the current climate I think so. Ian Roberts, I am unsure. Local Government Engineers, Lou Oldfield is probably a Liberal, and I know Lou because he comes from Cessnock Council, and Paul I have no idea. I do not want to be putting people in boxes that I am unsure of.

The Hon. CHARLIE LYNN: Minister, was Kyogle Council recently investigated by your department?

Mr HICKEY: Yes.

The Hon. CHARLIE LYNN: Can you advise the Committee who conducted that investigation?

Mr HICKEY: Departmental representatives.

The Hon. CHARLIE LYNN: The names?

Mr HICKEY: Carol Metcalfe and Susan Hartley.

The Hon. CHARLIE LYNN: Could you advise if either of those persons has applied for the position of general manager of Kyogle Council?

Mr HICKEY: I don't think so, but it is - well, I hope it is a good story. I cannot advise you.

The Hon. CHARLIE LYNN: Would you be able to take that on notice?

Mr HICKEY: I will take it on notice.

The Hon. CHARLIE LYNN: Could you also advise whether, for the position of general manager of Kyogle Council, the mayor and deputy mayor of Kyogle would sit on the selection panel?

Mr HICKEY: Sorry?

The Hon. CHARLIE LYNN: For the position of general manager of Kyogle Council, would the mayor and deputy mayor normally sit upon a selection panel?

Mr HICKEY: For your information, normally there is a committee struck at council level to employ a general manager. Who that committee is going to be is up to the council, not up to the Minister. I do not get involved in the day-to-day running of councils, to be quite honest. I am about ensuring we have framework in place. If you are saying that an investigator has applied for the general manager's role at Kyogle Council, this is the first I have heard of it, but it is like losing a chief of staff. I should not be interfering with people's choices, that is their choice and if they want to apply for a general manager's role, would you say it would be wrong for me to say yes or no? I am an employer at the moment of these people. They are giving good service. I congratulate both Carol and Susan on the work that they do in investigating councils. Considering the small team that I have of investigators, that team works tirelessly and works hard and are very proficient at their job. I would encourage them to stay within the department, but if they want to stretch their wings and fly, that is up to them.

The Hon. CHARLIE LYNN: Would you see any issues of conflict of interest if they, as an investigator into the council, then applied for the position of general manager and the mayor and deputy mayor, who I assume would be subject to the investigation, sat on that selection panel? Would you see any conflict of interest there or possible conflict of interest?

Mr HICKEY: As I am not the direct employer of these people, my Director-General is, I will leave him to answer that question. Madam Chair, may I excuse myself for two minutes?

(Short adjournment)

The Hon. CHARLIE LYNN: There was just that question that you said the Director General may answer in regard to a possible conflict of interest.

Mr PAYNE: I am happy to answer that. Can I just make it very clear that the selection of general managers is entirely a matter for the council. Nothing to do with the department, nothing to do with the Minister. The selection process that councils go through is well documented, advertising, merit, et cetera. Having said that, I think with Kyogle I am pretty sure that the Local Government and Shires Association with a recruitment agency are doing it, so they have their own processes.

In terms of my staff, they are free, as the Minister said, to apply for jobs. I do not get involved in that, nor should I. Would there be a conflict of interest? I do not believe so. I think there are two separate processes. One is historical, if there has been a problem with the council. The selection of the general manager, happily, is about the future. I do not see any conflict at all, providing that the process that the council observes, or in this case the Local Government and Shires Association, is proper, and I am sure it has been.

Ms HALE: Minister, when talking about the ministerial advisory council, you said that what influenced you to make appointments was the people who were making noises about financial sustainability. Is that correct?

Mr HICKEY: Yes. I am sorry, I better correct that. Not just financial sustainability, but issues in local government overall. It is more than just financial sustainability. This committee is about looking at the whole of the issues in local government.

Ms HALE: So if the very people who commissioned the Allen report and who have been the constant spokespeople on issues concerning viability of local councils and their financial sustainability were the Local Government and Shires Association, why on earth did you see fit not to appoint the President of the either organisation to the council?

Mr HICKEY: In regards to the appointments on the board, the issue of appointment of membership to that board was left to my discretion. I am the Minister and it is a ministerial advisory council. Having said that, the Local Government and Shires Association has open door access to my office. They have been the Local Government and Shires Association for as long as I care to remember. They have open door access to ministerial offices and I am happy to work with them, but in regards to the ministerial advisory council, it is a panel put together by the Minister to look at local

government independently of politics.

Ms HALE: Minister, are you either saying the Local Government and Shires Association are essentially political bodies or are you saying that the mayor of Newcastle and the other appointees, the union or whatever, are not political? Are you saying somehow that one lot is political and the other lot is not?

Mr HICKEY: What I am saying, and I want to try and make this clear, is that the Local Government and Shires Association have an agenda. They commissioned the Percy Allen inquiry. They have an agenda. I wanted to get away from the agenda and have local government look within itself at ways of addressing sustainability, infrastructure, asset management, financial management, trainee programs. I want them to not just look at one aspect. I want them to look at the whole aspect, and at the moment the Local Government and Shires Association can look at the whole of the aspect too.

If you look at this committee, I think you will find all these people are a member of the Local Government and Shires Association. To sit here in this Committee - and I am trying to understand where the bee has come in your bonnet, because you are pushing one issue, the Local Government and Shires Association. I do not know if Col is your best friend or if Ganya is your best friend. I am just very concerned that you have only got one agenda here today. If you look at these people, they are representative of the council but they are Local Government and Shires Association members. Having said that, I think they can take advice from the Local Government and Shires Association. I think it has been made clear to them that they can take advice from the Local Government and Shires Association. It is not as if the Local Government and Shires Association is being kept in some confidential cupboard somewhere. It is not as if I have told them they cannot talk to them on issues. Where is your problem with this?

Ms HALE: Minister, as you said at the very outset of this hearing, perception is everything and would you not agree the public perception is that by refusing representation on that council meeting, refusing involvement in the recommendations that that council may arrive at, public perception could well be that you are stifling the best informed critics of Government policy?

Mr HICKEY: How can I be stymying them when they have open door access--

Ms HALE: You are not giving them a voice--

Mr HICKEY: Excuse me, Madam Chair. How can I be stymying a group of people inside the industry when I listen to the Local Government and Shires Association, they meet with me, I listen to--

Ms HALE: I doubt that they have that view, that you listen to them.

The Hon. PENNY SHARPE: Point of order, Madam Chair. The Minister is trying to answer the question and he is constantly interrupted by the member. I ask that the Minister be allowed to finish the answer without interruption please.

CHAIR: Yes, Minister.

Mr HICKEY: What is your ruling on that point of order, Madam Chair?

CHAIR: There is no point of order.

Mr HICKEY: So I can be constantly interrupted?

CHAIR: You can be constantly asked questions.

The Hon. CHRISTINE ROBERTSON: There is no order here.

Mr HICKEY: You can see that. Madam Chair, I pose to Ms Hale: What is wrong with this board?

Ms HALE: If you are asking me that question, Minister, my answer is that the board is not representative of the most informed and expert section of the community when it comes to local government matters and that as a matter of courtesy and acknowledgement of the fact that they were in fact the initiators and paid for the Percy Allen report--

Mr HICKEY: The Percy Allen has got nothing to do with this.

Ms HALE: --that meet annually, listen to the views of local government across the State, that it would be extraordinarily appropriate for them to be represented on this council and the failure to do so can be interpreted by the community at large as a stifling of views that the Minister does not want to hear. That is my view.

Mr HICKEY: Madam Chair, Madam Chair--

Ms HALE: You asked me a question. I answered it.

Mr HICKEY: Christ Almighty, be fair dinkum on this Committee, will you.

CHAIR: Order. Order. Next question.

Ms HALE: Can I go on to companion animals now, Minister?

Mr HICKEY: No, hold on, Madam Chair.

CHAIR: Order.

Ms HALE: You discussed earlier about \$4,800,000 I think was received as a result of companion animals legislation in 2005-2006.

The Hon. DAVID OLDFIELD: No, that is the interest.

Ms HALE: Was that the interest or was that the funds that were--

The Hon. DAVID OLDFIELD: The interest that accrued from it.

Ms HALE: Okay, but about one third of that amount, as I understand it, is spent on--

Mr HICKEY: What do you understand? One third of what amount?

Ms HALE: The funds generated by the companion animals fund, about one third of it is spent on promotion and departmental administration. Given that it costs a local council about \$100,000 a year to employ a local ranger, that is by the time you take into account all their on costs, et cetera, will you, Minister, conduct a review of licensing fees to enable councils to recover the cost of enforcing the Government's legislative changes?

Mr HICKEY: No.

Ms HALE: Fine, thank you. Minister, you have been fairly active in restricting the activities of dangerous dogs. What are you doing to reduce the significant impact that cats have on native fauna, on fauna generally?

Mr HICKEY: They are covered under the Companion Animals Act.

Ms HALE: But what are you doing?

Mr HICKEY: They are covered under the Companion Animals Act.

Ms HALE: So you have no intention to do anything more than is being done at the moment?

Mr HICKEY: They are covered under the Act and the implementation of the Act is up to individual councils.

Ms HALE: Minister, are you aware of the impacts that private certification is having--

Mr HICKEY: I go to my opening statement, Madam Chair, and I point to the opening statement.

Ms HALE: Are you aware of the financial implications of private certification for councils and the impact pursuing the activities of private certifiers has on local governments and particularly their budgets?

Mr HICKEY: I point to my opening statement, Madam Chair.

Ms HALE: Minister, I think you agreed to give the Committee evidence about the amount of money that councils were having to spend on litigation. Would you care to provide the Committee with details of how much of that sum is a direct response as a result of councils having to pursue private certifiers for improper certification of developments?

Mr HICKEY: I point to my opening statement, Madam Chair.

Ms HALE: Have you ever raised the concerns of local government about private certification with the Minister for Planning?

Mr HICKEY: The point of my opening statement--

Ms HALE: Minister, my question was: Have you ever raised with the Minister for Planning the concerns that local government has about private certification?

Mr HICKEY: Madam Chair, in the conversations I have had with the Planning Minister, between the Planning Minister and I, I have raised many concerns.

Ms HALE: Have you urged the Minister for Planning to scrap the whole process of private certification?

Mr HICKEY: I refer to my opening statement.

The Hon. CHRISTINE ROBERTSON: Minister, would you possibly be able to update us on the abattoir issue at Cudgegong County Council, please?

Mr HICKEY: Yes. The financial assistance approved through the GEERS enabled former employees to be paid for their entitlements without waiting to wind up the whole process and it is unlikely that the GEERS assistance would have been available without the assurances given by Local Government Minister Kelly regarding the transfer of GEERS liability. Had GEERS assistance not been provided, whether the employees would have or not received their entitlements, or an amount larger than the \$1.4 million would have been transferred to the Mid Western Regional Council. The abattoir operations had benefited the Mudgee region and its economy for some time. Under the proclamation signed on 13 October 2005 the abattoir will be dissolved on 31 December 2006. The Minister had the option to apportion further liabilities to the constitutional council, Mid Western, up until this time. In the decision to apportion only \$1.4 million and not the whole GEERS liability the department took into account the impact it would have on the Mid Western Regional Council's limited finances. Minister Andrews' offer is a concession to that impact. The offer is also made in the interests of reasonable closure to the matter. By implication, if the offer were to be accepted, the winding-up process could not be finalised more quickly. The Commonwealth is pursuing the GEERS

debt, which is delaying the winding-up process. If the balance of the GEERS debt is to be apportioned to the Mid Western Council the Commonwealth may be prepared to allow the council to pay the debt in instalments. In June 2006 the liquidator called off public examinations to be conducted of the former county councils and senior employees. This seems to add weight to the view that the county council was acting in good faith despite the claim that it was trading while insolvent. The liquidator is expected to produce his final report on the winding-up prior to the dissolution on 31 December.

John Anderson - very emotional man, John Anderson - has not kept his commitment. John Anderson himself has said on his web site that he actually achieved the workers' entitlements to be forthcoming to the Mudgee community for the Cudgegong abattoir. John Anderson claims that he has achieved that for his community yet he expects that money to be paid back by the community or by the State Government. Quite an emotional John Anderson put out a press release some months back, two months ago I think, in regard to condemning me for not filling the GEERS money or not paying back the GEERS money to the Commonwealth Government. John Anderson claimed that he achieved that money for the local government area and now he wants either the State or the council to pay back his achievement. I think that that is a poor achievement when you expect your community to pay back that money. John Anderson needs to get back into the real world. An achievement is something that you have achieved and is finalised. An achievement is not something that you expect your community to pay back at their expense. Thank you, Madam Chair. The time has finished for the Committee, has it not?

Ms HALE: No, we had two minutes extra because of your unavoidable absence. Minister, is there any proposal to reduce the maximum number of councillors that any council may appoint or is there any proposal to standardise the number of councillors on any council? Has any thought been given to such a proposal?

Mr HICKEY: The maximum number of councillors on any one council can be 15.

The Hon. CHRISTINE ROBERTSON: It sounds like a two-minute question to me.

Ms HALE: No, but the question is whether they are going to be reduced?

Mr HICKEY: Madam Chair, either you pull your Committee members into line and let me answer their questions and stop them interrupting me or I am just wasting my time and you are wasting your time as Chair.

CHAIR: Order. You have the floor, Minister.

Mr HICKEY: Thank you very much. The maximum number of councillors on any council can be 15 and it is up to an individual council whether they reach the maximum or whether they reduce the numbers of councillors; it is not up to the Minister.

Ms HALE: My question was: Was there any proposal to legislatively reduce the maximum number of councillors on any council, to standardise it for example--

Mr HICKEY: Time is up, Madam Chair, it is 1.02.

CHAIR: Order.

Ms HALE: To standardise it, for example, putting a cap of nine councillors per council? Has any thought been given to--

Mr HICKEY: No.

CHAIR: Order, Minister.

Mr HICKEY: Well, hold on, you can't control your Committee. It is 1.02. The answer is No.

CHAIR: There are four minutes and five seconds on the clock. We are timing it according to the breaks that we have had.

Ms HALE: Did you say there was no proposal?

Mr HICKEY: I said it twice.

CHAIR: If I could ask you about the Palerang Council, are you aware that because of the additional costs forced on that council by your Government's forced amalgamation policy they have increased their water and sewerage charges from \$400 last financial year to an average charge of \$739 this year with proposed increases to \$1,100 per assessment next financial year and \$1,586 the next year? Do you have any plans to assist that council, particularly in view of the fact that many of those charges have arisen because the Government has offered no assistance to the council when you forced the amalgamation on them and the present member for Monaro has not been able to get any relief from you for the council?

Mr HICKEY: Palerang Council and my department have been working closely together for quite a while now. As a matter of fact, since I became the Minister, Palerang Council and my department officers have been working very closely. In regards to the actual sewerage charges, it is an individual council's ability to strike what charges they expect. As far as the local member not being able to achieve anything for this council, I take offence at that statement because the local member there, Mr Steve Whan, a very honourable man and a very hardworking, dedicated and resourceful member of Parliament, has constantly raised the issue of Palerang with myself and managed the very close relationship between my department and Palerang Council. Palerang Council actually received a rate variation this year of I think 9.9 per cent or very close to that and that council has the ability to use that money to spend across its local government area. In regard to Palerang Council, my department will continue to work closely with Palerang Council to ensure that it delivers effective and efficient services across that local government area.

CHAIR: Have you got any particular plans to assist the council in any respect, for example, to help them keep their swimming pools open as the summer approaches?

Mr HICKEY: Their swimming pools will remain open. That has been very clearly stated to me by the general manager and the mayor.

CHAIR: Did the Government provide to that council any assistance to build the new shire building?

Mr HICKEY: Could you repeat the question?

CHAIR: Did the Government provide the Palerang Council with any funds to assist with the building of the new shire building?

Mr HICKEY: My department has not provided any funding, but I think you should direct your question to the Premier's Department.

CHAIR: So you are not aware--

Mr HICKEY: Is it time, Chair?

CHAIR: Nineteen seconds. You are not aware of any assistance that the Government has provided to the council?

Mr HICKEY: Not through my department other than working closely with them to monitor the situation at Palerang and the departmental officers working with Palerang Council. Outside of

that, I am told that the Premier's Department has provided some funding. That is something you need to talk to the Premier's Department about. I have no idea other than what I have just been told.

CHAIR: Thank you for your time this morning, and also Mr Payne and Mr Woodward. I declare the public hearing closed.

(The Committee proceeded to deliberate)