

GENERAL PURPOSE STANDING COMMITTEE No. 5

Tuesday 14 September 2004

Examination of proposed expenditure for the portfolio areas

REGIONAL DEVELOPMENT, ILLAWARRA, SMALL BUSINESS

The Committee met at 8.00 p.m.

MEMBERS

Mr I. Cohen (Chair)

Ms S. P. Hale
The Hon. A. Catanzariti
The Hon. R. H. Colless

The Hon. D. Clarke
The Hon. K. F. Griffin
The Hon. E. M. Roozendaal

PRESENT

The Hon. D. A. Campbell, *Minister for Regional Development, Minister for the Illawarra, and
Minister for Small Business*

Department of State and Regional Development:

Mr Loftus Harris, *Director General*

Mr Michael Cullen, Executive Director, Regional Development

Ms Julie Scott, Acting Executive Director for Small Business Business Development

CORRECTIONS TO TRANSCRIPT OF COMMITTEE PROCEEDINGS

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

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

CHAIR: I declare this meeting open to the public. Welcome, Minister, and welcome to your staff as well. I welcome you to this public hearing of General Purpose Standing Committee No. 5 and thank your departmental officers for attending today at this meeting. The Committee will examine the proposed expenditures for the portfolio areas of Regional Development, Illawarra and Small Business.

Before questions commence there are procedural matters. I point out that in accordance with the Legislative Council's guidelines for the broadcast of proceedings, which are available from the Committee clerks, only members of the Committee and witnesses may be filmed or recorded. People in the public gallery should not be the primary focus of any filming or photographs. In reporting the proceedings of this Committee you must take responsibility for what you publish or what interpretation you place on anything that is said before the Committee.

There is no provision for members to refer directly to their own staff while at the table. Members and their staff are advised that any messages should be delivered through the attendant on duty or the Committee clerks.

I would ask, for the benefit of members of Hansard, could departmental officials identify themselves by name, position and department agency before answering a question referred to them.

The time allocation, I will be guided by you. The suggestion was that Small Business be first, and then Illawarra and Regional Development, there is a lot of overlap there and I am just wondering in terms of your staff if we should start off on Small Business and then go to Illawarra and Regional Development?

Mr CAMPBELL: Chairman, I am in the hands of the Committee. I am happy with that.

CHAIR: As the lower house is sitting, could you advise whether you need to attend divisions this evening?

Mr CAMPBELL: I have arranged to have leave from the house tonight, so we will not be interrupted by divisions or quorums.

CHAIR: I declare the proposed expenditure open for examination. Minister, do you wish to make a brief opening statement?

Mr CAMPBELL: Chair, I am fine. I would like to just advise the Committee that with me tonight are the Director General of the Department of State and Regional Development, Loftus Harris, the Executive Director for Regional Development Programs, Michael Cullen, and the Acting Executive Director for Small Business Programs, Ms Julie Scott. Other than that, I am happy to answer questions.

The Hon. RICK COLLESS: Minister, the first questions I would like to ask you refers to the Business Enterprise Centres and what has happened to them. Can you explain to the Committee why you gave the public every indication that BECs across the State would not close as a result of your slashing of the funding? Just this week we have seen the Goulburn BEC, which is responsible for not only Goulburn but the entire Southern Highlands area, one of the fastest growing areas in New South Wales, announce its closure. Tonight I had a phone call from a colleague of mine in Inverell who advised me that the Inverell BEC will be meeting tomorrow night to dissolve the Inverell BEC. How can you justify that, given the importance of small business and regional development in rural and regional areas?

Mr CAMPBELL: First and foremost, it is important to state for the Committee that the Government does not fund BECs. The Government does not own BECs. These are independent, private organisations; many of them are community based organisations. For the last three years the Government has contracted BECs to provide business advisory services. Those contracts expire at the end of September.

As a consequence of the Commonwealth Government ripping out of the New South Wales budget more than \$300 million, there were less funds available for the Government to be able to purchase business advisory services. Given that, as I have just mentioned, the pre-existing contract period is about to expire, we called tenders for the provision of business advisory services on a leaner model. I make no apologies for the fact that there is less money as a consequence of the Commonwealth Government, through the Grants Commission process, taking more than \$300 million from New South Wales. So it is a misnomer for anyone to suggest that the Government is closing BECs. Those are individual organisations that may, and will, make their own decisions as to their way forward.

I am heartened by the level of commitment of a number of organisations. The Grafton body, for example, is extremely positive about their future. That is just one example I would give. So the

overarching answer is that the Commonwealth Government has taken out more than \$300 million from the New South Wales budget and as a consequence there is less money available to buy business advisory services.

The Hon. RICK COLLESS: Minister, do you really expect the people of New South Wales, the people of Inverell and Goulburn as two examples, to believe it when you are trying to blame the Federal Government for the closing of the Business Enterprise Centres, when in fact the State Government receives all the GST payments from the Federal Government? Tell me this: How much money was allocated to the Inverell BEC and the Goulburn BEC from the State Government?

Mr CAMPBELL: I can tell you that I do believe that people around the State understand that there is a complex financial relationship between the Commonwealth and New South Wales. They do understand that there are funds allocated through the Grants Commission process and they do understand that there has been a reduction in the amount that is coming to them. You have just got to talk to them and listen to them and you will understand--

The Hon. RICK COLLESS: But how much money did the State Government give to the BECs? How much money did you give to the Inverell BEC and the Goulburn BEC as two examples?

Mr CAMPBELL: I want make this point, that the Inverell BEC did not tender. They had the opportunity to tender for the provision of business advisory services. They did not and they chose to join the Business New England North West consortium in their successful bid. So there is no doubt whatsoever that in the Inverell area there will continue to be business advisory services. I make the point also that the Goulburn BEC chose not to lodge a tender for the provision of services in their region, and, indeed, it is interesting to note that a number of the councils in the Goulburn area have chosen not to continue or not to offer support to the Goulburn BEC. The Greater Argyle Council offered some funding, the Wingecarribee Council has chosen not to offer funding to the Goulburn BEC.

The Hon. RICK COLLESS: What about the Moree BEC and the Glen Innes BEC in that case?

Mr CAMPBELL: The Glen Innes BEC is in the same category as the Inverell BEC; they did not tender in their own right, but rather chose to be part of the consortium for New England North West. The Moree BEC chose not to tender for the region that they are based in either.

The Hon. RICK COLLESS: So what we have now is a situation where small business operators that are looking to set up businesses in Moree, in towns like Boggabilla and all those small towns in the north western part of New South Wales now have to travel to Armidale to get their small business advice?

Mr CAMPBELL: No, that is not right. I think we will see that the consortium of organisations in New England North West that were successful will operate some outreach services. Part of this change will be the establishment of a 1300 number that will give people access to business advisory services. So it is not true to say that people will have to travel to Armidale. Indeed, the tender--

The Hon. RICK COLLESS: If they want to get face to face services they will, otherwise they will end up with one of those dial in numbers.

Mr CAMPBELL: Indeed, the New England North West in their tender has proposed that they will provide outreach services in partnership with Tamworth, Glen Innes, Moree and Inverell business enterprise centres. So in their own regional tender they have provided an alliance and they are indicating that services will be available across the region.

The Hon. DAVID CLARKE: Minister, how many small businesses in the Orange Grove factory retail outlet were forced to close because of the decision not to rezone the site?

Mr CAMPBELL: In regard to Orange Grove, I think the issue there has been explained a number of times. From my perspective it is important that we support the more than 500 small businesses in the Liverpool CBD. The Government has taken many measures to support the 60 traders at the outlet centre. The Director General of the Department of State and Regional Development, the most senior public servant advising the Government on small business matters, has tried to meet with Mr Gazal but Mr Gazal declined that meeting. The Government appointed John Dermody as a jobs and business co-ordinator to help the traders explore other business opportunities and help their staff get jobs. The Government continues to work to assist those businesses that were caught up through no fault of their own, but it was not the State Government that granted the consent in the first place.

I can advise the Committee that so far two retailers from Orange Grove have applied for

mediation of a dispute with their landlord, Gazcorp, claiming that they were not told about the legal challenge to the site's development consent. The Retail Leases Act obliges the landlord to give a prospective tenant a disclosure statement prior to the signing of the lease--

The Hon. DAVID CLARKE: Excuse me--

CHAIR: Could I just allow the Minister to answer as he sees fit.

Mr CAMPBELL: The Act also says the landlord is liable to pay reasonable compensation to a tenant if a tenant signed a lease as a result of a false or misleading statement or representation made by the landlord. A significant omission from a disclosure statement may be a misleading representation. I want to take the opportunity to urge any small business person who believes they were misled by Gazcorp when they signed their lease to contact the Retail Tenancy Unit of the Department of State and Regional Development.

The Hon. DAVID CLARKE: Sifting through all of that I take that your answer is 60, is that right?

Mr CAMPBELL: I understand there are 60 retail tenants.

The Hon. DAVID CLARKE: The question you may not have understood is how many small businesses in the Orange Grove retail factory outlet were forced to close because of the decision not to rezone the site?

Mr CAMPBELL: Chair, I think I have answered the question. You can repeat it time and time again.

CHAIR: Do you have an another question?

The Hon. DAVID CLARKE: I have this question. Was the answer 60?

Ms GRIFFIN: That was the one John Ryan wrote down for you, was it not?

The Hon. ERIC ROOZENDAAL: The Minister has given you an answer.

The Hon. DAVID CLARKE: I am not here to answer your questions.

CHAIR: Mr Clarke, through the chair please and Mr Roozendaal through the chair please. Mr Clarke, do you have other questions?

The Hon. DAVID CLARKE: I have got that question. How many other businesses were forced to close down?

Mr CAMPBELL: Chair, the question has been asked and I have given an answer to this.

The Hon. DAVID CLARKE: How many employees were affected by these closures?

Mr CAMPBELL: Chair, again you can go on about that sort of thing. The facts are that the State Government did not rezone the site. The State Government did not give development consent for the site. There are issues under the retail tenancy legislation that provide relief for tenants who believe that they have been misled or that they should have been advised that there was a legal challenge to the operation of the centre and that I think is a sensible way to describe what is going on there at the moment.

The Hon. DAVID CLARKE: Thank you, Minister, for that information. That is not what I asked you. I asked you how many employees were affected by these closures.

Mr CAMPBELL: Again I have answered the question.

The Hon. DAVID CLARKE: You have not answered the question.

CHAIR: Mr Clarke, if the Minister chooses to answer the question that way that is his choice. If you find it unsatisfactory that is it. Obviously I do not want this to now bog down, so if you can proceed to your next question.

The Hon. DAVID CLARKE: What meeting did you or any members of your department have with Mr Gazal?

Mr CAMPBELL: I have not had any meetings with Mr Gazal. The department made so

many phone calls to seek to establish a meeting with him, as I mentioned in my earlier answer. He declined the invitation to meet with the Director-General of the Department of State and Regional Development.

The Hon. DAVID CLARKE: When was that?

Mr CAMPBELL: Mr Harris might know. I did not make the phone call so I am not sure.

Mr HARRIS: Loftus Harris, Director-General, Department of State and Regional Development. To be perfectly frank I would have to look at the date. It was fairly early when the issue began to become a public issue. I did not make the phone call myself. It was made by one of my staff who sought a meeting and Mr Gazal stated he did not want a meeting with me.

The Hon. DAVID CLARKE: What did you have in mind as the purpose of that meeting?

Mr HARRIS: Really to determine if there was anything we could do to clarify the situation and determine what was going on. We are always interested when there are any issues that affect businesses.

The Hon. DAVID CLARKE: Minister, what meetings did you or any member of your department have with Mr Bargshoon?

Mr CAMPBELL: I have had none.

The Hon. DAVID CLARKE: Any telephone contact with him?

Mr CAMPBELL: I have had no telephone contact with him.

The Hon. David CLARKE: Any member of your department?

Mr HARRIS: Certainly none that I am aware of at all.

The Hon. DAVID CLARKE: Minister, what meetings did you or any member of your department have with Mr Mosca?

Mr CAMPBELL: Again, I have had none.

The Hon. DAVID CLARKE: No telephone contact?

Mr CAMPBELL: No.

The Hon. DAVID CLARKE: Members of your department?

Mr HARRIS: Again I am totally unaware of any contact at all.

The Hon. DAVID CLARKE: Minister, what advice, if any, did the Minister assisting the Minister for Planning seek from you as the Minister responsible for small business before she made the decision which resulted in closing the small businesses of the Orange Grove factory outlet?

Mr CAMPBELL: I think the Minister has made it clear on the public record that she made her decision based on planning grounds.

The Hon. DAVID CLARKE: Was there any contact between you and her over this matter?

Mr CAMPBELL: I had no discussion with the Minister prior to her making that decision.

The Hon. DAVID CLARKE: After the decision?

Mr CAMPBELL: I have had no discussion after the decision.

The Hon. DAVID CLARKE: At any time over this matter?

Mr CAMPBELL: About small business matters, no.

The Hon. DAVID CLARKE: What about any member of your department?

Mr HARRIS: Again, I am not aware of any such discussions at all.

Ms SYLVIA HALE: Minister, in relation to the cut in the funding to the Business Enterprise

Centres, how much saving did that result in?

Mr CAMPBELL: Well, the program for the provision of Business Advisory Services in the last financial year was \$4 million. In the current financial year it will be \$3 million, so there was a \$1 million cut in the program costs. I make that point particularly.

Ms SYLVIA HALE: It was a saving of \$1 million out of \$300 million, you say?

Mr CAMPBELL: No.

Ms SYLVIA HALE: You say that the Government was trying to save \$300 million and you cut this program?

Mr CAMPBELL: Can I be clear that my comment was that there was a cutback through the grants commission process to New South Wales of more than \$300 million and in terms of the Government reducing expenditure to address that in the Business Advisory Services program, there was a reduction of \$1 million.

Ms SYLVIA HALE: Given the importance of small business to the State and particularly to rural areas, what research or modelling did you undertake prior to deciding to make that cut?

Mr CAMPBELL: The Government's position was clear, that it was going to quarantine expenditure for frontline human services, health, education, police, DoCS, and there was a clear intention to ensure that the funding for those services was protected in the light of the very savage cutbacks by the Federal Government and as a consequence it was made clear, again by the Government, that other areas of expenditure would be reduced.

Ms SYLVIA HALE: My question was what research or modelling did the department undertake to discover what the impact, both short and long-term, would be on small business in particularly in rural areas as a result of the cut?

Mr CAMPBELL: The Government did not expend money in that regard because we were in a position of having to save money as a consequence of what the Federal Government had done. The Federal Government, again I repeat, had cut back more than \$300 million.

Ms SYLVIA HALE: You arbitrarily said: Here is \$1 million we can chop here, without any concern for the long term impact?

Mr CAMPBELL: Certainly the Government has ongoing concern and regard for the contribution small business makes to the State economy. There are 372,000 small businesses in this State and between them they employ one million people, and the Government understands very much the contribution that the small business sector makes in New South Wales.

That is why, for example, we are the only State in the country that has a full month celebration of small business. I am sure it will not have escaped the attention of Committee members that September is known as Small Business September. We have more than 360 events across this month around the State as a means of encouraging small business, as a means of offering some training and support to small business operators, so the Government well and truly understands the importance of small business to the State's economy, to regional economies, and regional communities, as well as that in greater Sydney.

Ms SYLVIA HALE: Minister, would you agree that there would be a public perception that celebrating small business month in the context of this cut to the Business Enterprise Centres is really just a case of rubbing salt into wounds?

Mr CAMPBELL: I do not believe that that is the case at all because you have just to go to some of the Small Business September events and I have been to a number of them. They are well attended. They are well regarded. I was at an event this morning in the Sutherland Shire at the invitation of the mayor of Sutherland, Councillor Kevin Schrieber and as I was addressing that group I did not count them, but there was probably nearly 100 people there, from a range of businesses, small and medium enterprises in the Sutherland Shire, and they were certainly supportive of having an event that focussed on business development in the Sutherland Shire.

As I spoke to them after during a break in the program they were certainly delighted to know that the State Government was working with the Sutherland Shire to establish the business growth centre at Kirrawee and that we were supporting business growth in the Shire.

Ms SYLVIA HALE: Given that the enterprise centres themselves are small businesses employ people and whatever---

The Hon. RICHARD COLLESS: Not any more.

Ms SYLVIA HALE: Now that 30 of them are no longer receiving any form of assistance or contracts what approaches, what contact, have you made with any of those 30 centres that are no longer receiving any form of Government assistance?

Mr CAMPBELL: I think it is important to note that there are 18 organisations that will be providing services from 35 offices.

Ms SYLVIA HALE: I am not talking about those 18, I am talking about the 30 that were excluded.

Mr CAMPBELL: I have had meetings with a number of Business Enterprise Centres who previously, and as we sit here are continuing to provide business advisory services because their contracts do not expire to the end of September. I have had meetings with a number of those that chose not to tender and some of those meetings have been extremely constructive.

Ms SYLVIA HALE: Given that they have only got a fortnight left on their contracts and that a number of them obviously are closing down and not continuing to operate, what assistance are you going to give them as a form of small business?

Mr CAMPBELL: Well, they are businesses in their own right.

Ms SYLVIA HALE: That is the point I am making, that they are going to go to the wall as a result of the Government cut.

Mr CAMPBELL: They are businesses in their own right that provide a range of services. One of the services that they provide is business advisory services via the contract with the New South Wales Government. Many of them provide other services. There is one BEC that did not choose to tender for its region, where I am told that only two per cent of its income comes from its contract for the provision of business advisory services. The other point I want to make is that many of the 30 that you are referring to, your figure, many of those 30 are in fact undertaking to be subcontractors to the 18 successful tenderers.

Ms SYLVIA HALE: Where you say that some of them have other contracts, indeed is not that the contracts with Federal authorities, such as AusIndustry, and in fact if they are keeping going it is as a result of the continuation of the Federal funding and despite the cutting of the State funding?

Mr CAMPBELL: Some of them have those types of contracts. Some of them have funding from their local government authority to do other things. Some of them provide employment services. Some of them are part of a job network, so there is no one size fits all. They all have different methods of funding and different programs and projects that they support, so it is not true to say that every BEC in New South Wales is solely reliant on its business advisory service contract that it has traditionally had with the New South Wales Government.

Ms SYLVIA HALE: Would you agree that in the context of a deliberate policy cost shifting onto local government by the State Government it is unreasonable to expect local councils to pick up where the State Government has chosen to leave off?

Mr CAMPBELL: Local government has traditionally been a supporter of BECs. Throughout the State, local government has funded BECs. A number of the BECs that I have met with since this decision was made has been in conjunction with local government representatives, so I do not think it is true to say for a minute that this is an issue of cost shifting to local government. The facts are that they have been involved in it.

The Hon. RICHARD COLLESS: You do not expect us to believe that.

Ms SYLVIA HALE: Wingecarribee council's determination not to pick up the burden that has been shrugged off by the State Government is a totally reasonable one in the context of how many other imposts are being imposed on local councils.

Mr CAMPBELL: That is a rhetorical comment, I think, rather than a question.

CHAIR: Do you have any estimate of the loss to small businesses in the Far North Coast, towns like Casino, Lismore, Byron Bay, Murwillumbah, in that area, affected by the closure of the North Coast rail line?

Mr CAMPBELL: I do not have any figures. I think the questions about the closure of the

rail line should go to the Minister for Transport Services.

CHAIR: I was talking specifically about affected small businesses, or are you aware of any affect on small businesses in terms of their profitability and function as a result of the closure of that line?

Mr CAMPBELL: I do not recall seeing any specific representations from individual small businesses.

CHAIR: Would you consider asking the Treasurer for payroll tax relief for small businesses operating in struggling rural towns?

Mr CAMPBELL: Payroll tax is an interesting question because there are less than 10 per cent of businesses in New South Wales that actually pay payroll tax, so it is big businesses really that pay payroll tax. There are not many businesses that you would consider to be a small business that pay payroll tax, when you consider that about 90 per cent of all businesses do not pay payroll tax to start with.

CHAIR: Where do we draw the demarcation between small and big business? Are you talking in terms of employee rates?

Mr CAMPBELL: In terms of payroll tax you draw the line in the quantum of payroll that is paid, so it is as simple as that, and the threshold is if you have less than \$600,000 of payroll, you do not pay payroll tax. I might say that the New South Wales Government, the Carr Government, has lifted that level since it has been in office and also reduced the level of payroll tax. When the Coalition was last in Government in New South Wales the rate of payroll tax was at 8 per cent. Under the Carr Government it has been reduced to 6 per cent and we have increased the tax fee threshold for payroll tax to \$600,000 of payroll.

CHAIR: So businesses under your purview in terms of small businesses, are there any affected by payroll tax and do you have any consideration of that in rural areas?

Mr CAMPBELL: By and large small business in rural areas would generally be under that \$600,000 threshold, but I might say that in terms of payroll tax relief for country towns, the Government does have the Business Drought Assistance program, which is targeted to non-farm businesses in rural and regional New South Wales that pay payroll tax. It is aimed at trying to ensure that those businesses survive through the drought, that they can continue to employ people, particularly people with skills. The Government is keen to try and maintain skilled labour in towns affected by drought. So there is a program that supports payroll reductions or waiving as a consequence of the drought.

CHAIR: Was not payroll tax relief one of the reasons a number of small businesses moved to country towns where these incentives were in place?

Mr CAMPBELL: Businesses locate in all sorts of places for different reasons.

CHAIR: So there is no encouragement or positive incentive from your department in terms of seeing an option to save on payroll tax in actually getting businesses to relocate to rural areas?

Mr CAMPBELL: Certainly, in the Regional Development aspect of the department there are programs that target that, the Regional Business Development Scheme, the Regional Economic Transition Scheme, for example, are aimed at encouraging jobs growth in regional towns, regional cities and country towns.

CHAIR: What other incentives were there for small businesses to move to small areas such as Taree, Kempsey, Maclean, Lismore, Broken Hill, Bourke, Moree and so on? Could you let the Committee know other incentives that your department has actually instituted?

Mr CAMPBELL: There are a number of programs under the Country Lifestyles program, for example, that are targeted at encouraging people with skills to move to country towns. There are some programs targeted at very small towns and villages of less than 1500 people to encourage those towns to maintain employment, maintain business growth. I have talked about the Regional Business Development program, which targets growth in business but also relocation. So they are some of the programs. I did not quite hear all of the towns you mentioned, but the Regional Economic Transition Scheme--

CHAIR: Any towns in rural areas?

Mr CAMPBELL: The Regional Economic Transition Scheme is targeted to those that have

undergone a significant shock. For example, when the abattoir in Forbes closed 12 months ago we declared Forbes a Regional Economic Transition Scheme area, which gives a degree of flexibility to support the maintenance of employment in that town to encourage investment and encourage jobs growth. So RETS could apply to some of the villages or towns that you mentioned. That particular program is targeted at those that undergo a significant economic shock by the closure of their main employer.

CHAIR: This Committee has actually looked at the closure of Murrumbidgee Agricultural College and there have been a number of other closures. Has your department, with an interest in small business, had any input in terms of those decisions and the impact on those rural locations?

Mr CAMPBELL: Our work in trying to encourage private sector investment in jobs growth continues in all of those locations, as it does essentially in every regional town around the State. Our aim is to see business growth and jobs growth throughout regional New South Wales.

CHAIR: And could you give an indication as to how successful small business incubators in country towns are and how much support you are actually giving them?

Mr CAMPBELL: I am not aware of a small business incubator in a specific country town. Perhaps there are a couple.

CHAIR: They have small business incubators in Byron, for example. I do not know if there is any contact with your department.

Mr CAMPBELL: I would be confident that that incubator is not funded under the programs of the Department of State and Regional Development.

The Hon. RICK COLLESS: Minister, I would like to just get you to expand on a couple of questions I asked earlier about BECs. I did ask you how much State Government money has been allocated or was allocated to the Inverell BEC and the Goulburn BEC. Could you tell us definitively how much money of State Government funds was put into the Inverell BEC and the Goulburn BEC for the financial years 2002/2003 and 2003/2004?

Mr CAMPBELL: Chair, I am happy to take that question on notice and make sure that the exact dollar amount is provided.

The Hon. RICK COLLESS: Minister, why at the State conference of the BEC managers, which was held in May this year, was no mention made of Labor's impending funding cuts, which were announced I think just one month after that conference?

Mr CAMPBELL: Chair, I did not attend the conference. So I did not address the conference.

The Hon. RICK COLLESS: Thank you, that is a very interesting thing. Could you also tell us are you aware that a collective system for business centres was instituted some 12 years ago in Great Britain but reverted back after the system had failed in fact, back to a more decentralised system? Are you aware of that or are any of your staff aware of that?

Mr CAMPBELL: There has been some commentary on the structure of business advisory services in Britain. I will stand corrected and I will provide the Committee with the exact figures, but the system to which you refer had, I think, something like a business advisory service for two or three times more per head of population than what our proposal or what our system will have. So I do not think you can relate it directly.

The Hon. RICK COLLESS: But surely in a decentralised State like New South Wales - in some ways that is not quite right what I just said, because we are a very centralised State in terms of where the major population areas are, so the need for decentralisation in New South Wales has never been greater when we are seeing all sorts of pressures put on regional and rural areas. Is it not important for a government to take the lead by decentralising their Business Enterprise Centres, rather than centralising them, as the changes which you have just made do?

Mr CAMPBELL: What has been particularly disappointing for many people in New South Wales is that the Coalition and the Opposition in New South Wales has simply failed to stand up for New South Wales in this funding debate. I said earlier there was more than \$300 million through the Grants Commission process that was taken out of New South Wales. I do not think once--

The Hon. RICK COLLESS: Don't blame the Federal Government. Be responsible for your own actions.

Mr CAMPBELL: I do not think that once the Opposition in New South Wales has stood up for New South Wales and said that that is wrong, that that money should come to New South Wales so that a whole range of programs and services can continue to be delivered throughout the State.

CHAIR: One more question, Mr Colless.

The Hon. RICK COLLESS: Only one?

CHAIR: Yes, I am trying to be fair with the time.

The Hon. RICK COLLESS: I just want to follow up on some of those questions on payroll tax. You mentioned the Forbes abattoir. Has the Government ever given payroll tax relief to abattoirs in regional and rural areas of New South Wales?

Mr CAMPBELL: The Government has supported investment in a number of abattoirs under our Meat Processing Industry Restructuring program. We have supported investment that seeks to move to value added product in the abattoir. So there has been relief as part of supporting that investment under the Meat Processing Industry Restructuring program.

The Hon. RICK COLLESS: Did you give payroll tax relief to the Forbes abattoir?

Mr CAMPBELL: Not under the Meat Processing Industry Restructuring program.

The Hon. RICK COLLESS: Under any program?

Mr CAMPBELL: Mr Cullen?

Mr CULLEN: In terms of the Forbes abattoir, under the previous ownership payroll tax rebates were not provided to them, but we are having discussions with the purchasers of the site in terms of whether assistance is relevant or not. So there are negotiations.

The Hon. RICK COLLESS: Have any other abattoirs in New South Wales been given payroll tax relief under any program?

Mr CULLEN: Under the Meat Industry Restructuring program there is actually capacity to provide payroll tax, but it is linked to the value adding efforts of those businesses. It is not just for--

The Hon. RICK COLLESS: There is a big abattoir in Inverell, for example. Have they ever received payroll tax relief under any program?

Mr CULLEN: It depends how far you want to go back in terms of under different governments.

The Hon. RICK COLLESS: Let's say under the current owners.

Mr CULLEN: Under different arrangements I think there was actually payroll tax--

The Hon. RICK COLLESS: No, under the current Government and the current ownership?

Mr CULLEN: In terms of assistance for abattoirs, there has been a range of assistance for many abattoirs across New South Wales.

The Hon. RICK COLLESS: So the Inverell abattoir has or has not received payroll tax relief?

Mr CULLEN: Inverell, not in the span of this particular Government.

Mr CAMPBELL: Chair, I think it would be helpful for the Committee to know that the Government's plan for the meat processing industry includes funding for strategic business reviews, value added investment, occupational health and safety management systems, occupational health and safety performance improvement, targeted training to address industry skills shortages, jobs placement and skills training for displaced employees, personal and financial counseling for displaced employees, relocation expenses for displaced employees, assistance for regional communities adversely affected by restructuring to diversify their economies, and to date the Government has offered assistance to 23 companies to support projects involving over \$13 million of investment and 323 new jobs under the Meat Processing Industry Restructuring program.

The Hon. TONY CATANZARITI: Minister, can you tell us about the role of the Industry Capability Network?

Mr CAMPBELL: Chair, the Industry Capability Network is an important partnership between the New South Wales Government and the Australian Industry Group. Indeed, the Industry Capability Network is a national network of officers that work to identify contract opportunities for Australian businesses. All are independent organisations sharing the common goal of the development of competitive Australian manufacturing and service providers. The network's main aim is to find local suppliers that can provide an alternative to imports. This means more Australian jobs and healthier Australian industries. The Industry Capability Network in New South Wales is supported by the New South Wales Government with \$1.5 million per annum.

I am pleased to report that in the past financial year the Industry Capability Network achieved benefits to New South Wales firms of \$126 million. A total of 119 firms benefited from the Industry Capability Network's support, which helped sustain 630 direct jobs and 1,638 indirect jobs. The 2003/2004 result was a \$24 million on the network's achievement in the previous financial year.

Over the past three years the total value of import replacements achieved by the Industry Capability Network in New South Wales has amounted to \$326 million. This figure consists of \$98 million in 2001/2002; \$102 million in 2002/2003; and \$126 million in 2003/2004. The total value of benefits to regional areas in 2003/2004 was \$97 million, with 77 firms benefiting. This was a \$24 million improvement on 2002/2003. The total value of import replacement for regional firms over the last three years is \$225 million - \$55 million in 2001/2001, \$73 million in 2002/2003 and \$97 million in 2003/2004.

The Industry Capability Network services New South Wales from its Sydney office and from offices in Newcastle, Orange, Grafton, Tamworth, Wagga Wagga and Albury. Network consultants also operate in Goulburn and Dubbo. Consultants are assigned to specific companies to work on projects where there are significant import replacement opportunities and commitment to local industry participation. The New South Wales Industry Capability Network has an ongoing program of client visits to metropolitan and regional companies and made just over 1900 such visits during 2003-2004.

Some recent New South Wales import replacement successes by Industry Capability Network include: In West Wyalong/Griffith the Industry Capability Network representative at Wagga has helped secure local contracts with Pace Farm poultry developments at West Wyalong and Griffith. The value of the orders placed to date is \$6.7 million and Pace Farm is following up with other companies to provide a range of engineering and industrial commitment. I am sure that the Hon. Tony Catanzariti would be pleased to hear about that sort of expenditure in the Griffith area.

In Lithgow, in the Central West of New South Wales, the network was approached by Richard Crookes Constructions, which had won the tender for construction of the Lithgow Office of State Revenue building. The network was asked to provide a list of suitable local tradespeople to assist in the project. 42 were put forward and six were engaged for the project, receiving a total amount of \$650,000 in work. Benefits gained to the construction company include significantly reduced accommodation costs, lower wages than metropolitan tradespeople and better defect management.

In Orange, the Orange Sweet Factory is a Japanese owned enterprise manufacturing Azuki bean-based confectionery. The factory exports its entire production to Japan. The network has been actively involved with the company for two years and has sourced ingredients such as honey, agar, sweet potatoes, starch, glucose and fresh cream. The network also located manufacturers for silicon non-stick cooking mats, bean paste ejection nozzles and a steam generator.

At the regional level, the network sourced services such as contract packaging by Packaging Professionals in Bathurst and third party maintenance provided by Jeff Hort Engineering of Orange. Dubbo Company B & J Chemicals performs pathogen testing and sterilisation of the plant. Main ingredients are now sourced directly from local producers, while support is provided by well-developed engineering services. The company has grown steadily from its small beginnings and is expected to become a major player in this niche market. Australian manufacturers, including many regional New South Wales companies, have secured over \$64 million in contracts to design, produce and commission longwall mining equipment for New South Wales coal mines since June 2002, due to the opportunities identified by the New South Wales Industry Capability Network.

Equipment which otherwise would have been imported included hydraulic packages, coal handling systems, monorails, electrical packages, armoured face conveyors and longwall equipment refurbishment programs. Mines that have benefitted include Dendrobium in the Illawarra, Angus Place in the Central West, Tahmoor in the Southern Highlands, West Cliff in the Illawarra and Glennies Creek in the Hunter Valley.

Mr Chairman, the Industry Capability Network, just by even that brief outline, makes a significant difference to skills capacity and business capacity throughout the State.

The Hon. DAVID CLARKE: For each of your portfolio agencies in 2003-04 how much was spent on media monitoring from Rehome Australia Monitoring Services?

Mr HARRIS: I cannot tell you off the top of my head but I am perfectly happy to give you the number.

The Hon. DAVID CLARKE: Does any other member of the department staff here have that information?

Mr HARRIS: I should not think so, no.

The Hon. DAVID CLARKE: You will take that on notice?

Mr HARRIS: I certainly will.

The Hon. DAVID CLARKE: Has your department employed, Minister, any staff who formerly worked for a Minister or the Premier since 2000, excluding departmental liaison officers?

Mr HARRIS: I am not aware of anybody employed on that basis.

The Hon. DAVID CLARKE: You will take that on notice?

Mr HARRIS: I am certainly happy to do so but my initial answer is that I am not aware of it.

The Hon. DAVID CLARKE: For each of your portfolio agencies in 2003-04 how much was spent on media monitoring other than from Rehome Australia Monitoring Services?

Mr HARRIS: Exactly the same answer.

The Hon. DAVID CLARKE: You will take that on notice?

Mr HARRIS: I certainly can.

CHAIR: We might go on to regional development in the Illawarra.

The Hon. DAVID CLARKE: Could I ask a question on procedure? Do we have any procedure available for the tabling of clearly lengthy answers that have already been prepared and reduced to writing?

The Hon. RICHARD COLLESS: Mr Chairman, could I move that preprepared answers, such as we just heard, are in fact tabled to the Committee so that we can read them in Hansard?

The Hon. ERIC ROOZENDAAL: Point of order, Mr Chairman, I would have thought it is up to the Minister to answer the question as he or she sees fit. It is not up to the Committee to demand things from the Minister. He may or may not read an answer.

CHAIR: I think we will have to get some advice and get back to you on that. I am not sure. That has not been asked of me before and we will get some advice as soon as possible. In the meantime, given the limited time that we have, we have already gone over time on small business, and we will get into the other aspects of the hearing, but I would ask if perhaps questions are short and answers are as short as possible so we can cover as much ground as we can.

The Hon. DAVID CLARKE: Could I ask if it is possible that you might put to the Minister that he might prefer to table his prepared answers?

CHAIR: That is an option you have, Minister, at any time that you are required to, but I think also the fact that the Minister can answer questions as he sees fit I think is a reasonable way that the hearings have always been conducted.

The Hon. DAVID CLARKE: Can we ask the Minister if he would like to exercise that option?

CHAIR: I have already made it very clear so that we know where we stand, I will get advice on this. I prefer to continue now with the questions.

Minister, can you explain to the Committee what you have done as Minister for Regional Development and Minister for the Illawarra to help stimulate the growth of port activities in Wollongong?

Mr CAMPBELL: Prior to my appointment or election to the Ministry by the Australian Labor Party Caucus, and prior to the last election of course, I had the privilege to chair a task force established by the then Minister for Transport, the Hon. Carl Scully and so my work on this issue dates back from mid 2002. I might say, Chair, that in a previous life I served on Wollongong City Council's Port Kembla task force.

CHAIR: Perhaps I can narrow it down for you.

Mr CAMPBELL: And a director of the Port Kembla Port Corporation, so I have been working on it for a long time.

CHAIR: I appreciate that. Perhaps I can narrow it down a bit and look at it from the perspective of supporting port development in Wollongong over any expansion of Port Botany. Perhaps you can detail your activities.

Mr CAMPBELL: Certainly as a Member of the Cabinet I was involved in the Cabinet discussions about the Government's policy for the port's growth plan which the Premier announced in October last year, which has seen work commence on a \$14 million extension to Port Kembla's multipurpose berth, which is the first stage of the creation of a container terminal at the port of Port Kembla, and work is indeed under way on that by a company called Austral Construction Pty Limited.

This 130 metre extension is expected to be completed in the next 12 months. The extension of the berth to 430 metres and the associated works represent the largest infrastructure investment at the port since the previous multipurpose upgrade in the mid 1990s. Once completed the extended berth will be able to handle two large ships at the same time and improve the efficiency of shipping and cargo operation.

Of course what we will see as a consequence of the New South Wales Government's ports growth plan will be the relocation of trade from Sydney ports to Port Kembla, something like 50,000 containers, 100,000 tonnes of bulk product and something like 250 ships calling at the port of Port Kembla. In the initial phase I am confident that that will be a base business that the Port Kembla Port Corporation, with the support of the Government, with the support of the Illawarra community, will continue to grow that trade.

CHAIR: Have you, in your capacity as Minister for the Illawarra, undertaken any meetings or activities to facilitate ships using Port Kembla instead of the Port Botany facilities? Have there been any particular problems in terms of the scheduling of ships into Port Botany?

Mr CAMPBELL: The prime responsibility for negotiation of new product rests with the Port Kembla Port Corporation in conjunction with the stevedoring companies and I have not been specifically involved in any of the business negotiations as the Minister for the Illawarra, the Minister for Regional Development. That rests with the port corporation. Suffice to say, I continue to work in talking about the project, in talking it up, notwithstanding that the Shadow Minister seems to bag it at every opportunity, seeks to undermine the Government's ports plan. Nevertheless the Government is committed to getting more trade through Port Kembla to provide jobs growth in Port Kembla.

CHAIR: Do you support the expansion of Port Botany?

Mr CAMPBELL: That is a question that is not within my responsibilities. It is a question that you need to put to the Minister for Transport Services.

CHAIR: Have you actively, in your work to encourage the expansion of Port Kembla, taken a position on the Port Botany experience?

Mr CAMPBELL: What I have done is to actively support the growth of Port Kembla and I certainly support the Government's ports growth plan which sees in the short-term growth of trade through Port Kembla, more ships to Port Kembla, more product across the berth and as a consequence of that more jobs in Port Kembla.

The Hon. RICHARD COLLESS: Where else?

Mr CAMPBELL: I support the Government's ports growth plan in that it calls for a Commission of Inquiry into the issues around Port Botany and that it will quarantine some land at Newcastle port for future growth there.

CHAIR: Did your department make a submission into the recent inquiry into port infrastructure?

Mr CAMPBELL: I do not believe so.

CHAIR: Why not, Minister? Would that not have been an opportunity to promote Port Kembla?

Mr CAMPBELL: The Government, of course, has a whole of Government approach to these things and the announced policy is there and submissions would be whole of Government handled by other agencies.

Ms SYLVIA HALE: Just following up on that, Minister, given that Ministers Sandra Nori and John Della Bosca found fit to make submissions to that inquiry, and they presumably felt that they were entitled to, despite this whole of the Government approach, why did you not make it?

CHAIR: I am informed accurately that this still an inquiry currently under way, so I should have ruled my question out of order. Perhaps can we proceed to the next question.

Ms SYLVIA HALE: Moving on from that, Minister, can you please explain to the Committee what you have done in your capacity as Minister for Regional Development and for the Illawarra to help prevent the closure of the Bulli Hospital emergency unit?

Mr CAMPBELL: The Bulli Hospital emergency unit is not closed. It is open. It has recently been relocated within the hospital to a more efficient and a more effective location. I was there the day that the new area commenced operation and so it is just plain wrong for people to say that emergency is closed at Bulli Hospital.

Ms SYLVIA HALE: Minister, what did you do to prevent the significant downgrading of the hospital from a fully fledged regional hospital to little more than a community clinic?

Mr CAMPBELL: I live in that community and I have got to tell you if, as I have done many times, a member of my family needed some treatment I would take them there, but if someone needed, in my view, access to a major trauma service I would take them to Wollongong Hospital because that is where the services are and that is where the services have been for 30 years.

Ms SYLVIA HALE: Minister, do you support the centralisation of health services in Sydney?

The Hon. ERIC ROOZENDAAL: Point of order. Doesn't that fall outside this portfolio?

Ms SYLVIA HALE: In your capacity as the Minister for the Illawarra, do you support the move away from the provision of services within Wollongong and their provision in Sydney?

Mr CAMPBELL: I am delighted with the Government's recent announcement of the relocation of services from Prince of Wales to Wollongong Hospital. Just last week the new cardiology service commenced operation at Wollongong Hospital and, indeed, we saw in a report in the *Illawarra Mercury* on Saturday of the fact that a patient, someone from Dapto, had arrived at the emergency ward at Wollongong Hospital in cardiac arrest and the doctor said, "As a result of the Government's decision to relocate this service to Wollongong, we were able to whip this guy into the cardiology unit and we saved his life." Pretty good to me, I reckon it's a pretty good outcome. I am delighted with it.

I am also delighted that the Government has announced that the administrative centre for the enhanced South East Illawarra service will be located in Wollongong, and I would have thought that most people in the Illawarra would be pretty happy with both of those outcomes to date as a consequence of the Government's very sound decision.

Ms SYLVIA HALE: Minister, in the context of saving lives, you would be well aware of the case of Mr Ron Tabak, a local businessman, who lost his life as a result of delays in despatching the helicopter medical retrieval services to him, and as a result of him lying in the bottom of a deep pit for two hours he died. In that context, could you please explain to the Committee what you have done to help to try to divert the grounding of the Lifesaver three helicopter rescue services based in Wollongong?

Mr CAMPBELL: Of course, the New South Wales Government has allocated, since Ron Tabak's death, an additional \$500,000 for emergency medicine in Wollongong.

Ms SYLVIA HALE: We are talking about helicopter services.

Mr CAMPBELL: Again, a very positive outcome for the people of the region with increased expenditure on emergency medicine.

Ms SYLVIA HALE: Minister, you must be aware of the concern within the Illawarra region,

particularly in Wollongong, about the grounding of the helicopter service and concentrating the administration of that service from Sydney rather than from Wollongong.

Mr CAMPBELL: I noted that the Minister for Health last week made the comment at Wollongong Hospital that he believed that a helicopter rescue service would continue to be based in Wollongong.

Ms SYLVIA HALE: So have you had discussions with the Minister for Health or the Premier on this matter at any time over the last six months?

Mr CAMPBELL: Not with the Premier, but with the Minister for Health. Certainly as a local resident, as a local member and as the Minister for the Illawarra, I have talked to him about the need for growth in health services, and as a consequence of the discussions that I had and the discussions that a number of my parliamentary colleagues in the region had, as I just indicated, the Government allocated \$500,000 additional for emergency medicine--

Ms SYLVIA HALE: We are talking about helicopter services.

Mr CAMPBELL: --to emergency medicine to ensure that we had a world class medical service and rescue service.

Ms SYLVIA HALE: Are you aware that a wide range of organisations, including the South Coast Labor Council, the Federal member, Michael Organ, and the Illawarra Business Chamber, have all denounced the grounding of the helicopter rescue service? Have you had meetings with any of these people or organisations to help save that service or to get it back in the air?

Mr CAMPBELL: Bear in mind that the service is, again, a private organisation and it is quite clear, you have to look at the media, it is quite clear that there has been some upheaval within that organisation. The board is rent, people have just resigned from the board, others have gone overseas, and so there are a number of issues internal to that organisation that have seen two of its machines, Lifesaver 1 and Lifesaver 3, grounded, specifically because of concerns by their employees over some safety aspects of some of the equipment, and that has been a matter that the board internally has been pursuing. I might say that while the machines have been grounded, the Government funding that goes to that organisation continues.

Ms SYLVIA HALE: Will you be having any discussions with the Labor Council or with the Chamber of Commerce, the Business Chamber, to work towards reinstating the full operational autonomy of the medical retrieval unit?

Mr CAMPBELL: There has not been an autonomous service. It has been part of the network. So you cannot reinstate something that was not there.

Ms SYLVIA HALE: Or to establish then?

Mr CAMPBELL: As I said, the Minister announced last week that he believed there will be a continuing presence of a helicopter rescue service in the Illawarra. I am happy to support that.

The Hon. DAVID CLARKE: As Minister for Regional Development, do you provide funding for chambers of commerce throughout New South Wales?

Mr CAMPBELL: No.

The Hon. DAVID CLARKE: No funding at all?

Mr CAMPBELL: Not direct funding for the operation of a chamber of commerce.

The Hon. DAVID CLARKE: Any sort of funding?

Mr CAMPBELL: From time to time under a number of programs, most specifically the Main Street program, there are organisations that receive funding. Some are for a specific project, not ongoing administrative funding, and from time to time one of those might be a chamber of commerce. In that regard, the Government is committed to developing regional economies, as I said a number of times this evening, with as much input from local communities as we can achieve. A number of our programs provide funding and other assistance and are designed to help regional communities build local economic capacity.

The Main Street Small Towns program aims to revitalise small to medium size regional communities. The program's goals are to have an increased economic activity, foster local councils' sustainable and professional commitment to economic development. Since July 1999, over 150

communities have been assisted under this program. An example is Corowa Shire Council, which has undertaken a number of community planning activities and recently employed a business development manager to implement projects during the planning process. Other examples include supporting Grenfell Shire Council to attract new businesses, residents and skilled workers through the Grenfell Open for Inspection promotion in 2003.

CHAIR: Minister, if I could request, if there is lengthy material, if you wouldn't mind tabling it. If I could just refer to the issues that were raised before, we can only request that obviously and I am requesting that from the point of view that the Committee can continue, and last year there were committees that did continue and reconvened. I am interested to see if we can get through the questioning tonight without having to reconvene. I make that suggestion on those grounds.

Mr CAMPBELL: That is fine, Chair. Another example I would give is that under this program we have provided assistance to Inverell Shire Council. Given that people were a bit interested in Inverell earlier, I thought I might give this example. We provided assistance to the Inverell Shire Council, for marketing activities associated with the start-up of Big Sky Express in Inverell, a new or a re-established air service into Inverell. So they are some of the things that we would fund under these programs, whether they be the Main Street program or the Towns and Villages Futures program. As I said, sometimes it is a local council, sometimes it is a local chamber of commerce, but it would be for a specific project, rather than administrative funding or ongoing funding in all of those circumstances and certainly in the case of a chamber of commerce.

The Hon. RICK COLLESS: Minister, why does the Government persist with the Minister for the Hunter, the Minister for the Illawarra and the Minister for Western Sydney?

Mr CAMPBELL: They are all members' umbrella portfolios, to work with other members in those regions, to ensure that there is a Government focus.

The Hon. RICK COLLESS: So they are important regional areas, is that what you are saying?

Mr CAMPBELL: I note that they are also the policy of the Opposition, or they were the policy of the Opposition in the last election.

The Hon. RICK COLLESS: Minister, why is there no Minister for the Big Sky region, which you just mentioned, the Orana region, the Murray Valley region, the Far West region? Why have you not insisted on having portfolio areas for those regions?

The Hon. ERIC ROOZENDAAL: Point of order. This is well and truly falls outside any of the portfolios that the Minister controls.

The Hon. RICK COLLESS: To the point of order, Mr Chairman, it is not outside the Minister's portfolio. What I am getting at here is a line of questioning on the importance of having Ministers for regional areas, which this Government is failing to do, and I am wondering why this Minister has not insisted on separate portfolio representatives.

CHAIR: Mr Roozendaal did raise the issue of it being out of the Minister's purview but did not give reasons why, and I think, considering that we are looking at Regional Development, which is a major part of your portfolio, Minister, I will allow the question to continue.

Mr CAMPBELL: Well, Chair--

The Hon. RICK COLLESS: I might just finish off on my question if I may, Minister.

The Hon. ERIC ROOZENDAAL: Can't you just table the question if it is so lengthy?

The Hon. RICK COLLESS: You will get your turn later on, okay. Minister, why have you not insisted upon having portfolio representations for all the other regions in New South Wales in your role as Minister for Regional Development?

Mr CAMPBELL: The structure of portfolios and the structure of Government is not the purview of an individual Minister. That is the purview of the Premier, the Cabinet, but I might note that the Government also has a Minister for Rural Affairs and he has some responsibility in a similar way that the geographically located Ministers have for those geographic locations.

The Hon. RICK COLLESS: Minister, the impact of the Government's expanded land tax impositions on regional development and particularly of businesses in regional areas has been, I have got to say, terrifying to most small business operators and regional businesses generally. For example, most businesses in most country towns have never had to pay land tax. Their land value might be

\$150,000 or \$250,000, which previously had been under the threshold level for land tax, but now all those businesses are going to pay land tax. Could you make any representations to the Treasury and the Premier about the potential impact of land tax on businesses that operate out of rural and regional areas?

Mr CAMPBELL: Land tax matters really are an issue for the Treasurer. They should be taken up with the Treasurer. I do not have any responsibility for land tax.

The Hon. RICK COLLESS: I understand that, but what concerns me is that I want to know if you have made any representations to the Premier and the Treasurer in relation to the land tax and the impact it is going to have on rural and regional businesses?

Mr CAMPBELL: Chairman, I give the same answer, that issues related to land tax and taxation generally should be directed to the Treasurer.

CHAIR: I think the Minister can answer as he chooses.

The Hon. RICHARD COLLESS: Minister, what analysis was conducted by you and your department on the impact of the hundreds of State Government job losses across country New South Wales through the restructure of the agencies such as the Department of Primary Industries, the Department of Health, National Parks and Wildlife Service, State Rail, the Department of Infrastructure Planning and Natural Resources?

Mr CAMPBELL: I think that the Carr Government has an outstanding record for returning public sector jobs to regional New South Wales. I will give you some examples: The Department of Local Government to Nowra; the Rural Assistance Authority to Orange; WorkCover to Gosford; the Registry of Cooperatives to Bathurst; the Police Assistance Line call centres to Lithgow and Tuggerah; the Police Infringement Processing Bureau to Maitland; the Police Firearms Registry to Murwillumbah; part of the Department of Infrastructure Planning and Natural Resources to Wellington and the former Superannuation Administration Corporation to Wollongong.

These relocations have provided 1370 new jobs and an example of further proposals is the relocation of the Department of Mineral Resources, now part of the new Department of Primary Industries to Maitland, about 200 jobs to Maitland. Since July 1995 the Governor has created 3,500 new public sector jobs in New South Wales and relocated or identified for future relocation a further 2,500 positions.

The Hon. RICHARD COLLESS: Minister, let us just focus on one of those departments, the Department of Infrastructure Planning and Natural Resources. I have it on very good information that in the combined regions which now comprise of the Murray and the Murrumbidgee regions, which were combined into one region, that in the combined region under the old Department of Land and Water Conservation, in that section of the department alone there were some 250 positions in that old department in those two regions, of which I think about 50 positions went across to the Catchment Management Authorities and when DIPNR was formed the staff allocation for that component, that part of the department, had been reduced to 100 persons.

That meant that 100 jobs went out of those two former regions of DLWC, 100 jobs, and my information tells me that those positions were not all administrative and management positions, as the Government was saying and the Minister was saying, but they were in fact technical positions such as hydrogeologists, trainee hydrogeologists and those sorts of people, who are now out of a job and there has been 100 of those jobs go out of that region. What impact is that going to have on rural and regional towns and regional development?

Mr CAMPBELL: Detailed questions about the structure and employment structure of other agencies clearly should be directed to that Minister.

The Hon. RICHARD COLLESS: So you were not having any influence or analysis of the potential impact of those job cuts in regional areas? It is very important, Mr Chairman. To lose staff of that nature out of country towns will have a big impact on the local community.

CHAIR: Without going into the reasons why, but if there have been job losses perhaps you can explain to the Committee what your department has done to at least investigate or find out what the numbers were and what analysis there was of that.

Mr CAMPBELL: As I said a minute ago, the details of the structure and employment structure in individual agencies, those questions should be directed to those Ministers. I do not have that responsibility and that level of accountability for each and every employment position in all of the agencies of Government.

The Hon. RICHARD COLLESS: But did you have any input into that process?

Mr CAMPBELL: Chair, it is the same question phrased another way and I will give the same answer.

The Hon. RICHARD COLLESS: Why do not you just say no?
That is what you are saying.

The Hon. ERIC ROOZENDAAL: He has answered the question.

CHAIR: What State funds have been made available to private industry in the northern region and for what purposes?

Mr CAMPBELL: I cannot sit here and give you a detailed list of every project that we have supported in the State.

CHAIR: I was talking about the northern regions.

Mr CAMPBELL: Nor in any specific region for that matter, but an example is some support that we have given to the expansion of a small business, a bakery business in Lismore, which I think is called the Goanna Bakery, which is using local product. It has yeast free breads and some of those, if I can put it in the terms of more healthy products, vegetarian pies. I was quite disappointed when I visited that I could not get a meat pie. Nevertheless, the example being a more recent one, that is about encouraging skills growth there in terms of baking and the business owner there was telling me about the number of trainees and apprentices that he employs, and also the fact that much of the ingredients is located locally, so that is an example.

Another example is some assistance to the Narco Cooperative at Lismore to restructure its operations, to help it remain viable and retain its workforce, representing an investment of over \$2 million. That is the cooperative's investment, not necessarily the Government's. Last year in Byron Bay and if you will pardon me I cannot remember the name of the company, but it is a glass blowing company, so it is an artistic business, or an arts business if you want to put it in those terms.

CHAIR: Colin Heaney?

Mr CAMPBELL: That is it. So again you would be aware, Chair, that this is an export business as well. A deal of his work is exported. That is another example.

Another example is last year taking a number of film producers and location scouts on what we called the Northern Rivers film tour, which was about taking Sydney based film industry people to look at locations and opportunities for film in the region, and I think again supporting the creative industries in the Northern Rivers has been an example of some of the work we have done.

CHAIR: I did raise the issue last time in this Estimates Committee hearing about another example which was a sound and audio engineering school in Byron Bay and I think you gave a general statement that there was some funding in the past. Can you tell the Committee at this point how much and for what purpose the funding was for that particular institution?

Mr CULLEN: The amount of funding that we provided is commercial in confidence so that is not something that we are able to disclose but I can say it was a modest amount of assistance.

CHAIR: You mentioned some interesting industries in the northern region. I am wondering in general, making funds available to support emerging industries, does the Government have a commitment to clean industries or new innovations?

Mr CAMPBELL: Certainly most specifically through the Australian Technology Showcase I think is a real example of the means of encouraging innovation and that is a major one, I think, the major area. But some examples are Wakool Water at Barham, where the Government has offered assistance to enable that business to expand at Barham, south west of Deniliquin. Assistance covers infrastructure costs to enable Wakool Water, a division of Wakool Shire Council to build a new assembly facility for water and sewerage treatment. Wakool's water and waste facility brings together a number of functions necessary for the efficient supply and treatment of water and waste water. That is an example and there are others but yes, we want to encourage innovation in a whole range of areas.

CHAIR: Have you targeted innovation in relation to drought? We have drought but some of us are saying that we are dealing with a different climatic situation now.

Mr CAMPBELL: I think the Premier is saying that.

CHAIR: I guess it is something that the Greens say. We have people like Mr Costa clearly indicating in the House that he is a greenhouse skeptic, but there are others, and certainly the Greens say that we have a changed climatic condition so is any of your funding or targeting of industry specifically dealing with land or the drought situation?

Mr CAMPBELL: I think it is important to make the point that our funding is targeted to jobs growth, so where a business operates in the areas that are the basis of your question, and can demonstrate that there will be some jobs growth in the short to medium term, then that is where our assistance will kick in, so other agencies will support that sort of research and development of some aspects of what you are talking about to prove them up, but our funding would be targeted for jobs growth.

CHAIR: Have you made funds available to local government on the north coast?

Mr CAMPBELL: Not that I can recall. I will take it on notice, to make sure that we get an accurate answer.

Mr CULLEN: In terms of our Main Street Small Towns program local government is generally a key partner in that, as well as in our Towns and Village Future Programs, so a Chamber of Commerce or another local business organisation and local council, and our funding tends to be the mixture that is made up of those partners.

CHAIR: Could you perhaps let the Committee know if there has been funds made available to community organisations on the north coast and for what purposes?

Mr CULLEN: Again our funds have a focus on helping business outcomes, so the actual focus of what we provide for funding is to get either jobs growth or some of the preconditions to jobs growth, so there may well be some community organisations that have that as an end result but we are not particularly focussed towards community organisations.

The Hon. DAVID CLARKE: Minister, can you provide us with a list of all Chambers of Commerce throughout New South Wales who have received funding from your department, funding in any form and for any purpose?

Mr CAMPBELL: Over what period of time, Chair?

The Hon. DAVID CLARKE: Over the past four years.

Mr CAMPBELL: I understood we were talking about next year's budget.

CHAIR: This last year's budget would have been a reasonable call on that request of the Minister.

The Hon. DAVID CLARKE: But to provide comparisons, that is why I ask for that period. Is that possible to do that, Minister?

Mr CAMPBELL: I am happy to get some information. I obviously have to take the question on notice and I am happy to get some information, but I am reluctant to agree to get the information for four years.

The Hon. DAVID CLARKE: Two years?

Mr CAMPBELL: Clearly taking it back four years would require a deal of staff resources in research and I am not sure that is to best effect.

CHAIR: I think in fairness we are really looking at this year's budget, so a question is reasonable to ask to get information for the last year.

The Hon. DAVID CLARKE: Can you get it for the past two years?

Mr CAMPBELL: I will undertake, let us get right the 03-04, 04-05 financial years.

The Hon. DAVID CLARKE: 02-03 and 03-04.

CHAIR: So the last year and this coming year?

Mr CAMPBELL: We are almost halfway through this financial year, so that is what I was thinking. If it is not this financial year but the two before, I will take it on notice and we will get some

information about the funding to Chambers of Commerce.

The Hon. DAVID CLARKE: Can you recall whether any funding has been given to the Port Kembla Chamber of Commerce?

Mr CAMPBELL: Chair, you recall that we spent a lot of time on this last year and so the Committee does know that there was funding of \$50,000 offered to the Port Kembla Chamber of Commerce and Industry Incorporated for a specific project. That project was completed, I think in February of this year.

The Hon. DAVID CLARKE: When you say it was offered, was it paid?

Mr CAMPBELL: My understanding is that \$45,000 of that \$50,000 has been paid.

The Hon. DAVID CLARKE: Has there been any funding for any other Chamber of Commerce in the Illawarra region?

Mr CAMPBELL: Given that I have undertaken to give information about funding to all Chambers of Commerce across the State, that information will be provided in that answer that I have taken on notice. Clearly the Port Kembla Chamber of Commerce and Industry Incorporated is a little more topical so I had some information to hand about that.

The Hon. DAVID CLARKE: Minister, are you aware of the Berry Chamber of Commerce? Is that a Chamber of Commerce that is familiar to you?

Mr CAMPBELL: I would assume that there is a Berry Chamber of Commerce, it may be called something else, but it is not an organisation that I sit down with on a regular basis.

The Hon. DAVID CLARKE: Or an organisation called the Berry Alliance, does that ring a bell?

Mr CAMPBELL: You will note in my previous comment I said that the Berry Chamber of Commerce might be called something else, so the Berry Chamber of Commerce might be called the Berry Alliance or they might be different organisations, I am unclear, but, as I have already indicated, I have taken on notice the request for information about funding to chambers of commerce around the State and if there is a Berry Chamber of Commerce, then that will be picked up if they received funding.

The Hon. DAVID CLARKE: Minister, do you support a high speed rail link between Sydney and Wollongong?

Mr CAMPBELL: I am on record very much as supporting an improvement to the rail service between Sydney and Wollongong.

The Hon. DAVID CLARKE: And are you on record as saying that the link should be operable by 2010? Do you recall being put on record for that as well?

Mr CAMPBELL: The Government had previously published a policy called Action for Transport 2010. That was reviewed to assess transport priorities in the context of metropolitan planning considerations and the Government's focus on rail safety and the liability. The findings from a study into what became known as the Thirroul tunnel have confirmed that construction costs would be in the order of \$1.4 billion, significantly higher than the original estimates, and the priority of the Thirroul tunnel, so-called, and other rail projects will be reviewed as part of the metropolitan strategy. I might say that the study into the so-called Thirroul/Waterfall tunnel also indicated some significant geological and geotechnical problems with a project of that nature.

The Hon. DAVID CLARKE: How does that fit in with the Minister for Transport announcing a review of all projects, so that no new moneys would be spent on new lines for ten years?

Mr CAMPBELL: I think what I have just said is entirely consistent, that the Government is considering all rail projects as part of the metropolitan strategy, so it is consistent.

The Hon. DAVID CLARKE: Does considering include acting?

Mr CAMPBELL: Considering means considering rail projects in the context of a metropolitan strategy.

The Hon. DAVID CLARKE: Do you still hope, as the Minister for Illawarra, that the high speed rail link between Wollongong and Sydney will be operable by 2010?

Mr CAMPBELL: As a local representative, I continue to argue for improvements to the rail service, whether that be in terms of reliability, whether that be in terms of frequency or whether that be in terms of safe. They are all issues that I think are important and that the Government thinks are important.

The Hon. DAVID CLARKE: And do you believe that the high speed rail link between Wollongong and Sydney is very very important for the residents of Illawarra?

Mr CAMPBELL: It is the same question and I give the same answer.

The Hon. DAVID CLARKE: No, that was a different question. Could I just ask a question relating to procedure of you, Mr Chairman, if I can, to help to clarify something? Can I ask what power as Chairman do you have to deal with a situation where a question is asked and elicits an answer that clearly has no relationship to the question?

CHAIR: Everything is on the record, Mr Clarke, and the Minister, as I understand it, has the right to answer questions as he sees fit. It is all on the record and you can do as you will with that answer, but I do not think we are in a position to judge whether an answer is correct or not or adequate. The Minister is obviously obligated to answer openly and honestly to the best of his ability.

The Hon. DAVID CLARKE: No, not whether it is correct, Mr Chairman, but whether it has any relationship at all to the question asked.

The Hon. ERIC ROOZENDAAL: This is just a nonsense. Can we get on with this Committee?

The Hon. RICK COLLESS: Are you calling a point of order or are you just interrupting?

CHAIR: Excuse me, if you just speak through the Chair.

The Hon. DAVID CLARKE: Mr Chair, I am addressing my questions to you, in contrast to the Honourable Eric Roozendaal, who is not, who is commenting.

CHAIR: Mr Clarke, if there is a level of dissatisfaction with the answers that the Minister gives in the Committee or by way of taking questions on notice and delivering written answers at a later stage, we have, as a Committee, and I think we could probably deliberate on this at the end of the hearing, the ability to call the Minister back. So we are not limited to timing. There has been a number of occasions where we have had continuing estimates committees. I would say if you have a valid argument to request further questioning, we can go back to that in deliberation. I would ask you to ask the questions and allow the Minister to answer.

The Hon. DAVID CLARKE: Thank you.

Ms SYLVIA HALE: Mr Campbell, do you support the proposed siting of a second airport at Wilton?

Mr CAMPBELL: I am not aware of any decision to site a second airport--

Ms SYLVIA HALE: No, I am saying there is a proposal. Do you support the proposed siting?

Mr CAMPBELL: What I believe is that Wilton was a site that was ruled out by rigorous environmental assessment process, I think almost 20 years ago, and I do not think that an airport will happen there and I do not think it is worth getting too excited about.

Ms SYLVIA HALE: So do I conclude from that that you do not support a proposed siting of a second airport at Wilton?

Mr CAMPBELL: As I say, I am not sure that there is any proposal to site a second airport at Wilton.

Ms SYLVIA HALE: It obviously has been discussed in the press at some length. I am asking what your view is on if there were one what would be the impact on the local community?

Mr CAMPBELL: The Commonwealth Government is responsible for a decision on the second Sydney airport. I do not think that there has been a proposal. I do not believe that there is a current proposal to locate a second Sydney airport at Wilton. There is some discussion in the press about a broad area that might be considered for a second Sydney airport. I am not aware that anyone

said that they think that Wilton is likely and, as I said, Wilton was ruled out as a site about 20 years ago. Environmental standards, planning standards have increased substantially since then. There has been additional development of a whole range of natures in the Wilton area, so I just think it is a bit of scare mongering to be trotting out the concept of Wilton.

Ms SYLVIA HALE: Minister, do you believe that the completion of the Dombarton/Maldon rail link would have significant advantages for the Wollongong/Port Kembla area?

Mr CAMPBELL: I think that the Greiner Government abandoned the Maldon/ Dombarton rail link in 1988. It is important to note that the Greiner Government Transport Minister at the time, Bruce Baird, claimed in Parliament, "Investigations to date have indicated the Maldon/ Dombarton rail line is not an economically viable alternative". That is from the Hansard of 11 March 1993. The Illawarra transport network is already able to handle the forecast increase in road and rail movements likely to be required by the container and general cargo terminal at Port Kembla, which is envisaged under the Carr Government's port's growth plan.

Ms SYLVIA HALE: So in your view there is no compelling necessity or reason to complete that rail link?

Mr CAMPBELL: I have not seen a business case for that rail link. I know, as someone who lives there, that the current networks cope well and that the current networks have capacity for future growth.

Ms SYLVIA HALE: So you do not consider that the completion of the link would significantly contribute to the efficiency and the attractiveness of Port Kembla as a port?

Mr CAMPBELL: The current networks cope well. The detailed data that has been collected by the Port Kembla Port Corporation, which has done its planning work on expansion of the port, indicates that there is certain capacity in existing transport networks to cope with increased cargo through Port Kembla.

Ms SYLVIA HALE: Minister, when the Government pursues significant policies, for example council amalgamations, scrapping of the material workers program, scrapping of the Business Enterprise Centres, downsizing, as Mr Colless referred to earlier, the Government departments, and these have an impact particularly upon rural communities, employment opportunities within those communities and the constant flow-on effects for small business, do you feel it is your responsibility to make any representations to the Government or to the relevant Ministers on those matters?

Mr CAMPBELL: I think first and foremost it is important to state in response to that that my role here is not to give a commentary on the detailed processes of Cabinet. They are to answer questions in regard to the budget estimates.

Ms SYLVIA HALE: I was not asking for a detailed commentary. I was trying to ascertain what role you perceive that you have, as Minister for Regional Development for the Illawarra, in pursuing matters that have a direct impact on those portfolio areas?

Mr CAMPBELL: Again, Chair, it is the same question. I give the same answer. I am not here to and I am not able to give a detailed commentary. I am not able to canvass the processes of Cabinet's decision making.

CHAIR: As I said before, you are here on a completely voluntary basis at the request of the Committee and you are also free to answer questions as you see fit.

The Hon. RICK COLLESS: Minister, in the budget papers it states that some \$700 million will be spent on facilitating or financially assisting regional projects in 2004/2005, which is a drop of \$60 million from last year and \$255 million in 2002/2003. Why has that cut been instituted?

Mr CAMPBELL: Chair, that is a--

The Hon. RICK COLLESS: It is a question out of the budget papers, which is what we are here to discuss, surely.

Mr CAMPBELL: Chair, could I seek clarification of the question? If it could be restated, so I can seek clarification of it. Is it in terms of Government expenditure?

The Hon. RICK COLLESS: Well, yes. It is in Budget Paper No. 3 Volume 2, "Development of the New South Wales economy. Outcomes", pages 22 to 54, and according to those pages, \$700 million will be spent on facilitating or financially assisting regional projects in 2004/2005, a drop of \$60 million from last year and \$255 million from 2002/2003. So how is that improving the

outcomes for regional development in New South Wales?

Mr CAMPBELL: As best I can understand it, and it might need to be clarified further, that is a question that relates to the Government's capital expenditure on a range of projects across portfolios, rather than what is in my portfolio, so how I can be expected to answer for expenditure on capital projects across the range of portfolios is beyond me.

The Hon. RICHARD COLLESS: You do not know?

Mr CAMPBELL: No, the point is this: If the question relates to the grossed up capital expenditure across the whole of the Government then I am not in a position to answer.

The Hon. RICHARD COLLESS: It relates to facilitating and financially assisting regional projects. Surely assisting regional projects, I would expect the Minister for Regional Development to have input into that project.

Mr CAMPBELL: As I was seeking clarification it seems that it was not the question I thought it was. It is now clarified in my mind and I will get Mr Cullen to make some comments on it.

Mr CULLEN: The figures shown there are basically related to projects that we have helped during the year. In fact that \$760 million private investment outcome in the light of the worst drought in 100 years is a very good result, we think. What it comes down to with the larger projects is the actual patchiness of when large projects occur. The reason it is down, while I do not think there is a long-term trend there, it just so happens that there were large projects which fell in those several years.

If you went back five or six years you would have Visy in a year, which is a \$400 million investment, or you may have a range of smaller projects in this year. Really the explanation is about the patchiness of the investments, but the other part of the question is really about that outcome in terms of the worst drought in 100 years, being a really strong one.

The Hon. RICHARD COLLESS: It is a big difference though \$255 million, so there must have been a substantial project in 2002-03 that accounted for that. You cannot recall what it was. Was it a one-off big project such as Visy?

Mr HARRIS: If I can contribute, Mr Chairman, I could not give you the details but I can say to you for example in 2002-03 there was an expenditure on improved capacity of the No. 1 Pot-line at the Capral Aluminium Smelter and that has been a project that the regional division and the investment division have been working on for nearly three years, along with the management of Capral and the owners in Norway and that was about \$130 million or \$140 million for a start. There were also some distribution centres that occurred in that year.

The Hon. RICHARD COLLESS: In that case if we looked forward to say 2005-06, by now you would have an indication surely of what projects were coming on line that far ahead if we were talking about projects of that nature, would you not?

Mr HARRIS: You always have an idea of the projects that are in line. Last year in regional we actually dealt with 124 projects that went to conversion in New South Wales, that is projects where the companies actually made an investment and all of those companies are polled at the end of the period. None of those projects is claimed as closed until the managing director of the company actually signs off on a closure sheet with the department, which is then reviewed.

The reason I labour that point is because we try to be very failsafe on this to ensure that the project is actually there. However, if you are going to deal with 124 projects that were worth around \$700 million-odd, if you look out two to three years you are probably looking at probably in excess of a couple of hundred projects that have varying likelihoods of success. You can sometimes scroll up figures that may even run into the billions.

Let me tell you, as someone who has done this for a very long time, we are not going to get into the billions with these projects. You do not know which ones are going to take longer, which ones are going to stall, and equally you never know which ones are going to come out of the blue, to be perfectly frank about it. You can make a reasonable estimate but it is a lumpy business.

The Hon. RICHARD COLLESS: If I can go back to the budget figures for payroll tax rebates and other assistance associated with the decentralisation of secondary industry in country areas in 2003-04.

Mr HARRIS: Can you tell me which page and which line please?

The Hon. RICHARD COLLESS: Budget Paper No. 3, volume 2 again. I do not have the

exact page but it is somewhere in that general section of pages 22 to 56. It is operating statements, other expenses.

Mr HARRIS: Right.

The Hon. RICHARD COLLESS: It was budgeted for \$150,000 for that payroll tax, rebates, and other assistance et cetera, but just \$9,000 was spent on that. What is the story with that?

Mr HARRIS: To be honest it is almost an historical anomaly. The payroll rebates associated with decentralisation of secondary industries, and Mr Cullen actually has more history of this than I do, but you can see it is a terribly small number in comparison with the other assistance funds that are available for regional development. Further down you will notice where \$9,000 occurs in one line, \$15.5 million occurs in another. This relates to funding schemes that existed probably from the sixties and seventies where there are residual obligations on Government that from time to time become due and payable.

The figures declined obviously over the years and I imagine that we will get to the point where that \$150,000 buffer in any year will simply not be provided because there will not be any outstanding obligations. It is really an historical anomaly and a bit of accounting on a failsafe basis.

The Hon. RICHARD COLLESS: Can you explain also then the cut to the small business development budget, which in 2003-04 was \$6.669 million, which came down to \$5.469 million in 2004-05?

Mr HARRIS: Yes I can. Most of that relates to the \$1 million that touched on the Business Advisory Service.

The Hon. RICHARD COLLESS: What proportion of that small business development budget is directed to small businesses in regional areas?

Mr HARRIS: I would say the majority. I would really have to. I would say by far the majority of it, simply because the small companies that we deal with in the metropolitan areas tend to be much more readily clustered. If there are 370,000 small businesses in New South Wales, to be perfectly frank it is very largely a process of handling very large numbers and you would tend to do more group seminars, more large interface meetings in the metropolitan area than you would in the regional areas. You have actually got to do more work to reach a number of scattered companies.

The Hon. RICHARD COLLESS: Mr Harris, while we are having this discussion with you, in terms of the BECs and that BEC conference that I referred to earlier on, where it there was no mention made of the impending cuts some one month before, did you go to the conference?

Mr HARRIS: I did indeed.

The Hon. RICHARD COLLESS: Did you open it?

Mr HARRIS: Yes I did.

The Hon. RICHARD COLLESS: So you spoke at it?

Mr HOWELL: I did speak at it.

The Hon. RICHARD COLLESS: Were you aware of the pending cuts at that stage?

Mr HARRIS: I was not. I knew that we were looking at a whole range of opportunities or options across the whole of the department as I recall on the day I made the point to the BECs, because there was always a deal of interest whenever there was a BEC conference as to what was happening, and I made the point to them and I stand by it, that the department admired the work of the BECs and that was really all one could say at that stage and I would have said the same to any group of people that we were working with. There was no decision to announce.

The Hon. RICHARD COLLESS: It was very disappointing for a lot of the managers who were at that conference, such as Mr Bailey in Inverell who has since lost his job.

CHAIR: We have about five minutes left.

The Hon. RICHARD COLLESS: Minister, you said that you had to slash \$1 million off the BECs because of the Federal Government's \$300 million cutback, yet that is the same amount of money, that \$1 million, that your Government has spent alone on advertising your spin in relation to the clubs' poker machine tax and another approximate \$750,000 in advertising criticising the Federal

Government about the Grants Commission. How do you justify those cuts in light of spending that amount of money on advertising?

Mr CAMPBELL: The accountability for that expenditure rests with another Minister. My responsibility is to ensure that the programs that the regional development division and the small business division of the Department of State and Regional Development that are in place come within the budget allocated as a consequence of the budgetary process handled by Parliament.

The expenditure by other portfolios is an issue that should be taken up with those portfolio Ministers. The facts are that as a consequence of the Howard Costello Government ripping \$300 million plus through the Grants Commission process out of allocations to New South Wales, we ended up with \$1 million less to be able purchase, contract business advisory Services.

The Hon. RICHARD COLLESS: And you spent \$1 million on advertising, criticising the Federal Government, which could have gone straight back into the BECs.

CHAIR: Minister, I am sure you are familiar with the BHP proposal to conduct longwall mining under the Nepean River. Are you aware that there are examples where longwall mining has caused river beds to crack and water to disappear through these systems depriving downstream users and those dependent on water. If the water should cease to flow down the Nepean River what impact would this have on the Illawarra and, as Minister representing the Illawarra, what guarantee can you give that this will not happen?

Mr CAMPBELL: As Minister for the Illawarra I have no portfolio responsibility for the assessment of a mining application. The assessment of that would clearly rest with the Minister for Mineral Resources and so guarantees or otherwise about the outcome of particular mining leases need to be put to the Minister for Mineral Resources.

CHAIR: Do you have a concern that this might be the case?

Mr CAMPBELL: I have noted the community debate and I have noted that there is some concern in the Appin area of some cracking in the creek bed as a consequence of longwall mining.

Ms SYLVIA HALE: If I may ask one question of Mr Harris, you said that when you spoke at the Business Enterprise Centre conference you could not make an announcement because no decision had been made, but you were aware of the possibility of cuts to the program. During that month what alternatives did you consider, other than cutting the program, or ending the contracts?

Mr HARRIS: This relates specifically to the funding for the BECs?

Ms SYLVIA HALE: Yes.

Mr HARRIS: I suppose that we considered almost everything that you could possibly imagine. It is always a process such as this when there are cuts to be taken within a department and I have to say that during the time I contemplated everything from eliminating the program completely, all the way to whether there were efficient ways of making a \$1 million saving.

We considered issues to do with the length of travel times. We looked at different combinations of delivery points. We considered the number of centres in the city, as opposed to the number in the regions. It is really, I suppose, an exercise of looking at as many combinations and permutations as you possibly can, and seeking to find something that is probably the most workable, so a full range of issues, I guess.

CHAIR: Minister, we are out of time. We have to advise witnesses that the Committee has resolve to seek return of answers to questions taken on notice.

Mr CAMPBELL: We have a few. We have been able to answer most of them, but there are some.

CHAIR: Take it on notice that it is the normal 35 calendar days for the receipt of answers on that matter and I also ask, Minister, if you and your departmental officers would be available for further hearings if required?

Mr CAMPBELL: Sure.

The Committee proceeded to deliberate.