

GENERAL PURPOSE STANDING COMMITTEE No. 1

Friday 16 September 2005

Examination of proposed expenditure for the portfolio areas

FAIR TRADING, WESTERN SYDNEY

The Committee met at 11.30 a.m.

MEMBERS

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

The Hon. J. F. Ryan
The Hon. G. J. Donnelly
The Hon. C. J. S. Lynn

The Hon. K. F. Griffin
The Hon. I. W. West

PRESENT

The Hon. D. Beamer, *Minister for Fair Trading, and Minister for Western Sydney*

Department of Fair Trading

Mr M. Silk, *Executive Director*

Mr D. O'Connor, *Commissioner*

Mr. R. Stowe, *Assistant Commissioner, Policy and Strategy*

Mr S. Griffin, *Acting General Manager, Home Building Service*

Mr D. Catt, *Acting Assistant Commissioner, Operations*

Office of Western Sydney

Ms J. Moxon, *Manager*

Mr R. Lennon, *Western Sydney Regional Co-ordinator*

CHAIR: I declare open this public hearing of General Purpose Standing Committee No. 1. First, I thank the Hon. Diane Beamer and departmental officers for attending today. At this meeting the Committee will examine the proposed expenditure for the portfolio areas of Fair Trading and Western Sydney.

Before proceeding I point out that in accordance with the Legislative Council's guidelines for the broadcast of proceedings only members of the Committee or witnesses may be filmed or recorded and that the public should not be the primary focus of any filming or photos. In reporting the proceedings of this Committee the media must take responsibility for what they publish or what interpretation they place upon anything said before the Committee. There is no provision for members to refer directly to their own staff. Members and their staff are reminded that messages should be delivered through the attendant on duty or the Committee clerks. Minister, would you care to make an opening statement?

Ms DIANE BEAMER: I am fine.

CHAIR: Then we will move straight through to questioning. I will be asking in turn the whether Government members, Opposition members and then members of the crossbench wish to ask questions. Do Government members have any questions?

The Hon. IAN WEST: Not at this time.

The Hon. JOHN RYAN: If I may ask some questions about the Fair Trading Information Centre. The estimated cost of the centre was \$4.5 million. Will that be the final cost for the Fair Trading Information Centre?

Mr SILK: The Fair Trading Information Centre has been a three-year project. Its capital funding was originally \$6.8 million. The final expenditure—and it will be completed this year—will be \$6.8 million.

The Hon. JOHN RYAN: Why has the Fair Trading Information Centre gone over its original budget of \$4.5 million?

Mr SILK: The Fair Trading Information Centre in 2000 had a projected budget of \$6.8 million. The project had a life of two years. Due to a delay in getting Treasury approval to commence that project it will be completed in 2005-06. The total expenditure on completion, which is estimated to be in October this year, will be \$6.8 million. There is no overrun on budget for that capital-funded project.

The Hon. JOHN RYAN: What will be the operating costs of the centre?

Mr SILK: The Fair Trading Information Centre budget allocation for 2005-06 is approximately \$7 million.

The Hon. JOHN RYAN: How many calls have been taken by the call centre in the past financial year? Is it operating?

Mr SILK: The centre has been operating since January and has received calls in relation to REVS, fair trading consumer matters and rental bond matters.

The Hon. JOHN RYAN: Since it has not been operating for a whole year, do you have any idea about how many calls it has taken, say, a month?

Mr O'CONNOR: In the month of August the number of calls received was 96,300.

The Hon. JOHN RYAN: Do you take any other statistics about the calls, the call dropout rate and things of that nature? Are you able to give us some idea of its performance?

Mr O'CONNOR: I have a July figure here that might be helpful. The number of calls received was 89,885 and the number of calls answered was 83,519. Bear in mind it has only been

going since the beginning of the year so telephony was only finally installed during July. So I think those figures are pretty good.

The Hon. JOHN RYAN: Where is the call centre?

Mr O'CONNOR: The call centre is located at Parramatta.

The Hon. JOHN RYAN: How many people are employed at the call centre?

Mr O'CONNOR: There are 112.

The Hon. JOHN RYAN: Do you plan any external assessment of that service?

Mr O'CONNOR: Not at this stage but no doubt after it has been in operation for 12 months we will certainly review its operation. We are monitoring what is going on and I think there will be plans in at least 12 months to review the operation of the centre. The advisory council is looking at what is going on.

The Hon. JOHN RYAN: Are there any efficiencies that will accrue to the Department of Fair Trading by using the call centre, and if so how does that affect the other operations of the Department of Fair Trading?

Ms DIANE BEAMER: I think it is fair to say that the information centre will free up and enhance Fair Trading's capacity to deliver community development and education programs across the State whereby those who are employed throughout Fair Trading areas can now look at meeting face to face and also doing the compliance undertakings that they have. The aim of this is to provide customers with the choice. While promoting the Fair Trading Information Centre as the most convenient pathway point, they have the choice to go into one of our other locations or meet face to face with Fair Trading officers.

CHAIR: Minister, if I may come in at that point. I have discovered over the years in my role at Wesley Mission operating lifeline centres around Australia that the most common complaint from people who want a government call centre for anything at all is that such call centres do not operate during the hours they need them. What hours does the call centre operate at Parramatta?

Ms DIANE BEAMER: From 8.30 to 5.00.

CHAIR: On what days of the week?

Ms DIANE BEAMER: Five days a week.

CHAIR: Of course, that suits public servants delightfully, 8.30 in the morning to 5.00 at night. But is it not a fact that most houses are sold on weekends? Is it not a fact that most cars are sold on weekends? Is it not a fact that evening trading is important in Western Sydney? Is it not a fact that most people do not have the time to ring up during work hours and would prefer to ring in the evenings or at weekends? That is precisely the time when your call centre is not available, is that correct?

Ms DIANE BEAMER: It is fair to say a lot of those operations take place at that time. If people have complaints to make, they normally make time to make those complaints.

CHAIR: But that is the time when your call centre is not operating?

Mr STOWE: It is certainly the case that the call centre is operational on a five-day basis, but many of our services are accessible through our web site. That includes the property database of real estate agents. So, if you are looking for a real estate agent to deal with over the weekend you can interrogate our web site and find out whether that person is licensed. You can inquire about the private sale of a motor vehicle through our REVS system, which is as accessible 24 hours a day, seven days a week.

CHAIR: You can find all that kind of information in the telephone book. But when you have complaints—

Mr STOWE: You can also lodge complaints over the weekend, again through our web site. You can lodge a complaint, fill it out, lodge it with Fair Trading and someone will get back to you once it has been lodged and we have a chance to look at the inquiry. So you can access our services 24 hours a day seven days a week.

CHAIR: Provided you are literate and you have computer facilities?

Mr STOWE: Most libraries and community organisations—

CHAIR: Are shut when you want to do that out of hours.

The Hon. JOHN RYAN: It would be fair to say that one of the advantages of the call centre is that you can operate it out of hours reasonably inexpensively. Have you given any consideration to operating it outside business hours? I think what Reverend the Hon. Dr Gordon Moyes said is true. Quite often people want to access complaint facilities with the Department of Fair Trading outside business hours.

CHAIR: I have been operating 70 centres, 24 hours a day, seven days a week

The Hon. JOHN RYAN: Lifeline can operate out of hours. That presents a fair for Fair Trading to operate at least in shopping business trading hours.

Mr STOWE: One of the things we have been looking at is utilising natural language voice systems as part of this whole project.

The Hon. JOHN RYAN: That only makes call centres more irritating.

Mr STOWE: It certainly provides a service to people. It has been tried in other areas, in commerce and in other public sector agencies, and it delivers a service to people when they want it. We are certainly looking at that.

CHAIR: "Thank you for your call. Your call is important to us". I will not proceed along that line, Mr Stowe, but I am anxious to know whether your concerns are primarily for your clients or for the convenience of your staff—and I think you have answered that.

The Hon. CHARLIE LYNN: Who are the members who make up the Rental Bond Board?

Ms DIANE BEAMER: There are five members of the Rental Bond Board. At present David O'Connor, Commissioner of the Office of Fair Trading; Ms Helen O'Laughlin, Deputy on behalf of the Director-General, Department of Housing; Brian Waddington, Deputy on behalf of the Secretary to the Treasury; Sandra McGee, a nominee of the Real Estate Institute of New South Wales; and Ms Michelle Jones, a nominee of the Tenancy Union of New South Wales.

The Hon. CHARLIE LYNN: Do these board members have trustee status?

Ms DIANE BEAMER: No, to my knowledge.

The Hon. CHARLIE LYNN: Could you advise whether the board meets and where it meets?

Ms DIANE BEAMER: The board meets on a quarterly basis. I will ask David, who is a member of the board, to expand on that.

Mr O'CONNOR: We usually meet in Elizabeth Street, level 22, 201 Elizabeth Street. The board does meet quarterly, but as required it will meet more often—or we may conduct teleconferences as well. So, in a 12-month period we would probably meet half a dozen times normally.

The Hon. CHARLIE LYNN: Could you advise whether the board members receive any direct funding by way of a fee or an honorarium?

Mr STOWE: The Government members do not receive a fee.

Ms DIANE BEAMER: The three non-Government members are paid an annual fee of \$3,606, together with travelling and accommodation expenses in accordance with the Premier's Department guidelines.

The Hon. CHARLIE LYNN: What is the current interest rate paid to tenants who have lodged rental bonds with the Rental Bond Board?

Ms DIANE BEAMER: It is 0.01 per cent.

The Hon. CHARLIE LYNN: When, if ever, has that interest rate been reviewed or changed?

Ms DIANE BEAMER: As at 31 July 2005 \$51 million was held in the Rental Bond Board interest account. The interest earned on this capital, funds a range of programs—ones that support tenants in particular and the residential tenancy market in general. Programs that are funded or part-funded include the operating costs of the rental bond board custodian and information services and the Office of Fair Trading Tenancy Information Service. Funding is also provided towards the cost of operating the Residential Division of the Consumer, Trader and Tenancy Tribunal and also for the Tenants Advice and Advocacy Program [TAAP].

The Hon. CHARLIE LYNN: Has the interest rate of 0.1 per cent been reviewed or changed since it was first set?

Ms DIANE BEAMER: My understanding is it has been reviewed. We recently released in July a Residential Tenancy Law Reform options paper. Presently it is under review.

The Hon. CHARLIE LYNN: No changes have occurred to it?

Ms DIANE BEAMER: Since we issued this options paper, no, but we are presently going to the public, to interested parties and asking them for advice. The issues raised regarding interest on bonds are raised in the options paper for people to make submissions to.

The Hon. CHARLIE LYNN: Minister, how are the Rental Bond Board funds, which are noted at page 19-17 of Volume 2 of Budget Paper No. 3 as approximately \$650 million for 2005-06, invested? If invested in more than one fund, what are the investments and returns from each investment?

Mr SILK: The Rental Bond Board money is invested in the New South Wales Treasury Corporation hour-glass facilities under a management arrangement. The average return for the 2004-05 financial year was approximately 6 per cent. I should point out also there are strict guidelines under the Public Administration Financial Arrangements Act that limit the investment of those funds. The strategy that has been adopted by the board is one of optimising the return and minimising the risk to bond holder monies, which represents the bulk of those funds.

Ms DIANE BEAMER: I point out that New South Wales and South Australia are the only States that pay interest on rental bonds held. Since the payment of interest on rental bonds commenced in New South Wales in 1990 the interest rate has been linked to that of on-call accounts without fixed terms, and since July 2000 the rate has been that applicable to on-call deposits of \$1,000 in a Commonwealth Bank streamline account.

CHAIR: I note the Rental Bond Board's revenue is in excess of its expenditure. What do you propose to do with the surplus?

Mr O'CONNOR: The surplus remains invested until there is a call on the actual amount of money itself. There are strict guidelines on how that money can be used and must be used in relation to the Act or in relation particularly to tenants. Unless there are grants that have been asked for all particular work that needs to be done, the money just remains in an account accruing interest.

CHAIR: How many calls on that surplus money would have been made in the last year?

Mr O'CONNOR: Any money that is left in the interest, as has already been mentioned by the Minister, pays for: the Tenants Advice and Advocacy Program [TAAP]; part of the tribunal, particularly the Residential Division of the tribunal; and those aspects of the Fair Trading portfolio that deal with tenancy issues, which is a reasonable proportion of Fair Trading.

The Hon. JOHN RYAN: How much of it is allocated to the tribunal?

Mr SILK: Last year the Consumer, Trader and Tenancy Tribunal was allocated \$8 million to meet its operating expenses.

The Hon. JOHN RYAN: What is the justification in allocating \$8 million on behalf of all tenants when only a very small number of tenants make use of it and in most instances they use the tribunal on a user-pay basis?

Mr SILK: The Consumer, Trader and Tenancy Tribunal, like the Office of Fair Trading, goes through a transparent and accountable process of review by the Auditor-General each year. We have to look at the level of workload across the organisation and factor in the various responsibilities. In terms of the Consumer, Trader and Tenancy Tribunal that \$8 million has been calculated based on the work that is undertaken by the tribunal in accordance with the rental bonds legislation.

The Hon. JOHN RYAN: You pay people who lodge their bonds with the Rental Bond Board an extra 0.1 per cent, yet you gain interest at the rate of 6 per cent. What is the value of the surplus that the fund earns over and above what is paid out to the tenants reclaiming their bonds? What is the value of the surplus?

Ms DIANE BEAMER: As I have said, it funds a number of—

The Hon. JOHN RYAN: How much is left over? Obviously there is a significant difference between one-tenth of 1 per cent that is paid out to tenants and the 6 per cent earned.

Mr SILK: In regard to the Rental Bond Board, the operating surplus is currently \$47 million. Based on an actuarial review that is undertaken every two years, a significant portion of that is deemed to be held in quarantine, so to speak, because those monies are used to fund the operations of the Office of Fair Trading and the tribunal and also to meet the various grants programs.

The Hon. CHARLIE LYNN: It is almost a subsidy by the people who lodge their bonds? They are subsidising it?

Mr SILK: There are strict legislative requirements we have to meet as an organisation. The Auditor-General audits our accounts and the Rental Bond Board's accounts every year. That has occurred over the life of the Office of Fair Trading for the last eight years. The accounts of the Rental Bond Board have never been qualified in that regard.

The Hon. JOHN RYAN: Is there a requirement to pay a dividend to the Government out of that?

Mr SILK: There is no requirement to pay a dividend to Government.

The Hon. JOHN RYAN: So the capacity to expend the \$47 million is entirely at the discretion of the department and the Minister?

Mr SILK: The Rental Bond Board has responsibility for oversight in the administration of those funds and the legislation itself puts strict guidelines on the use of those funds.

Mr O'CONNOR: Only the Minister can refer the matter to the Rental Bond Board. The Rental Bond Board then determines what amount should be paid to that particular request from the Minister. That request to the Minister could come from any number of areas relating to tenancy or rental bond. The application is made to the Minister. If the Minister thinks there is justification, it is referred to the Rental Bond Board. The Rental Bond Board then determines quantum.

The Hon. CHARLIE LYNN: Would it be fair to say that you would advise the Minister on what should be referred to the Rental Bond board?

Mr O'CONNOR: The answer to that is clearly yes. If someone refers something to the Minister, the Minister would ask for the advice of the department.

The Hon. CHARLIE LYNN: You are on the board itself?

Mr O'CONNOR: Correct.

The Hon. JOHN RYAN: Of that money, \$8 million goes to the tribunal. Where does the rest of it go? Is there a report that indicates where it goes?

Ms DIANE BEAMER: Fifty per cent of the costs of the Tenants Advice and Advocacy Program, which is approximately \$4.3 million, comes from the Rental Bond Board and there are other programs and projects that benefit the residential tenancy sector.

The Hon. JOHN RYAN: We have accounted for \$12 million.

Mr SILK: The Rental Bond Board has a set of statutory accounts that are signed off with the Auditor-General every year. It is a public document. In terms of the draft accounts for 2004-05, they are yet to be certified by the Auditor-General. The expenditure of \$32 million in 2004-05 is broken up as follows: \$19.4 million in terms of administrative assistance to both the Office of Fair Trading and the Consumer, Trader and Tenancy Tribunal; grants and subsidies of \$12 million split in relation to the tribunal again and to various grants funding programs such as TAAP; and other operating expenses in relation to miscellaneous costs, administration of the board plus interest on rental bonds make up the sum total of \$32 million expenditure.

The Hon. JOHN RYAN: The Minister made reference to a service called the Custodial Information Service. What is it and how much is allocated to that service?

Ms DIANE BEAMER: When was that?

The Hon. JOHN RYAN: You made reference to a grant to the Custodial Information Service. Would you tell us what that service is?

Ms DIANE BEAMER: The Tenancy Advocacy Service?

The Hon. CHARLIE LYNN: Is there such a service as the Custodial Information Service?

The Hon. JOHN RYAN: You referred to a list of services you said were funded. I thought I heard among that list the Custodial Information Service.

Ms DIANE BEAMER: I am sorry, no.

The Hon. JOHN RYAN: I will have a look at that in the record.

CHAIR: A statement of accounts of the Office of Fair Trading shows a very significant increase in inquiries to the office over the years 2002, 2003, 2004 and 2005. In fact, there has been an 80 per cent increase in the number of inquiries. In the same period the complaints have increased by 24 per cent. We commend the department for receiving that number of calls. Why then has the number of investigations over the same period decreased from 2,406 to 1,876? I refer you to page 19-

28 for the relevant statistics under the headings "Enquiries", "Investigations" and "Complaints". Complaints have gone up, inquiries have gone up, investigations have gone down.

Ms DIANE BEAMER: Investigation levels fluctuate in response to marketplace activity generally. They are detected through demand-driven consumer complaints and inspection programs. The 2005-06 projection reflects an analysis of a long-term trendline, but ultimately volumes are driven by what emerges in the marketplace in any given year.

CHAIR: That does not explain why when complaints, which are driven by the marketplace, and inquiries are going up, investigations are going down. It seems that if you are in office for another 10 years there will be no investigations.

Ms DIANE BEAMER: We are estimating that the number of investigations will go up this year. Whilst we are looking at static complaints, there are long-term trends that are reflected here. One would have to then analyse the nature of the complaints and those that were deemed worthy of investigation.

CHAIR: Which presumably you also did last year and the year before.

Ms DIANE BEAMER: There are other ways, of course, that matters are handled, often through mediation and negotiation.

CHAIR: Which presumably was done last year and the year before. It does not really explain why investigations are down.

Mr STOWE: There is no nexus necessarily between the number of inquiries and complaints and investigations that are undertaken at any particular time. We have surveillance of the marketplace over a period of time. If we find there are issues that need to be investigated and, subsequently, prosecution action taken, we do so. It is not necessarily something that is linked to the number of complaints and inquiries we receive. We take action from a variety of sources. We constantly monitor the marketplace and we obtain information from a whole lot of different sources. It does not relate entirely to the inquiries and complaints that come through our Fair Trading centres and our call centre.

CHAIR: Because your call centre is now going to be operating so efficiently and effectively, does not mean that you are going to have a larger number of complaints, as there is no nexus between complaints and investigations—is that so?

Mr STOWE: Investigations are not the only way in which we take compliance action. In fact, if you look at the penalty notices that have been issued by our compliance officers over the past 12 months, you will see that there has been a significant increase in them. Whereas we were not able to make those on-the-spot penalties in the past, we can do so now without having to take matters through the courts.

CHAIR: Good. That is an excellent answer. I thank the person who thought of it.

The Hon. JOHN RYAN: I wish to ask you for some detail, just to make the budget papers a bit more explicable to us. I refer you to page 19-56 of Volume 2 of Budget Paper No. 3, line item "Investment income". Why is the revised expenditure for 2004-054 shown at \$34,793,000, whereas at page 19-57, line items "Interest" and "Other," it is shown as being \$33,708,000? That suggests a difference of a bit over \$1 million.

Ms DIANE BEAMER: The figure, as I read it, represents our investment income.

The Hon. JOHN RYAN: That would make sense. Why do you show it under your cash flow receipts as \$33,708,000? Where does the other \$1 million come from? Do you have some other source of income besides interest? The operating statement on page 19-56 shows total retained revenue at \$34,793,00, but the cash flow statement on page 19-57 shows that you received \$33,708,000. How do you get more retained revenue? Where does the other \$1 million in retained revenue come from?

Mr SILK: The figure quoted under the line item "Total Retained Revenue" in the revised column represents the overall investment income projected to be earned in 2004-05. The figure of \$33,708,000 is a cash figure only; it does not include accruals. The figure of \$34.7 million would include accrued income as at 30 June.

The Hon. JOHN RYAN: What is "accrued income"?

Mr SILK: Any income or expenditure occurring post-30 June that should be treated in the prior financial year is subject to reporting in those sets of accounts—the difference between a cash flow statement and the operating statement.

The Hon. JOHN RYAN: Page 19-57, Line item "Advance repayments received" shows a figure of \$60,000 for the 2005-06 year. Why would you be receiving an advance payment? What is that?

Mr SILK: This item is for loan repayments made by co-operative housing societies that received their funds prior to 1986 for the purposes of providing low-interest housing loans to low-income earners. There are in fact only two housing loans still in existence. Both will be repaid respectively in 2010 and 2017.

The Hon. JOHN RYAN: The Line item "Cash assets" on page 19-58 shows a figure of \$16,563,000 for the 2004-05 budget, and a revised figure of \$21,813,000. Why is there a discrepancy between the budgeted figure and the revised figure?

Mr SILK: The budgeted figure for 2004-05 was compiled in March 2004 as a budget estimate. The revised figure was a figure that was placed in the accounts as at March 2005. The actual figure for 2004-05 will be slightly different from the revised figure; the difference between the two figures mentioned is a timing issue. It was a foreword projection originally of \$16.5 million; the actual outcome was increased to about \$21 million or \$22 million. It would be impacted in this return on monies held by the board, and other factors that were not known at the time the budget figure was compiled.

The Hon. JOHN RYAN: So there is an \$8 million difference. Is there some explanation as to why you were \$8 million better off than you expected to be?

Mr SILK: Once again, the board's operations were impacted by the number and value of bondholders' monies received. I can only make comment that the investment return on some \$600 million worth of assets held by the board achieved quite a favourable result of 6 per cent, over and above market expectations 12 months prior to that.

CHAIR: The normal appropriate response, Mr silk, if I might help you, is to say that it is a matter of just the sheer competence of those of us who are administering the funds.

The Hon. JOHN RYAN: Exciting though that might be as an answer, it is fair to say that it is not unreasonable that people might want to know why you are \$8 million better off. Given that you were operating on a figure of \$16 million, that probably represents a fair percentage of the original estimate. You started with \$16 million and you got nearly half as much again. That is quite a significant discrepancy between an estimate and an outcome. I would have thought that would have been something people would have noticed and that they would have had an explanation as to why it was so phenomenally better.

Mr SILK: I suppose there have been significant economic forces in the last 12 months impacting on interest rates—housing loans for example. As I said earlier, the budget figure included in the accounts at the time was based on knowledge available in the marketplace.

The Hon. JOHN RYAN: I am not offering it as a critique, I am simply wondering what was the favorable situation that brought about the result?

Mr SILK: The investment strategy adopted by the board through the hourglass investment facilities, which was a longer-term strategy, enabled the board to achieve a better return on its investments.

The Hon. JOHN RYAN: I would have thought with an outcome like that that people would have had an answer to hand to explain why it was so much better. At page 19-58 there is a line item entitled "Other financial assets" in the 2005-06 budget estimates that shows a figure of \$24,842,000. What constitutes other financial assets?

Mr SILK: The figure \$25.8 million represents those funds of the board that are held in the Treasury managed investment portfolio on behalf of the board. That is part of the overall investment strategy for the board on behalf of New South Wales Treasury.

The Hon. JOHN RYAN: Are they funds that have been accumulated over time?

Mr SILK: They represent part of the surplus that has accumulated, and it is invested. One of these strategies is to invest in one of the various investment facilities that the Treasury Corporation offers, and the managed investment portfolio facility is one of them.

The Hon. JOHN RYAN: Whilst that is a very satisfying explanation from an accountancy perspective, you would understand that ordinary members of the public would like a general understanding. Does this mean that the Rental Bond Board has another \$25 million in funds invested, which have been carried over from previous years and which the board holds in addition to what it will accumulate in the course of the next year?

Mr SILK: The statement of financial position represents the asset holdings of the board. The funds mentioned there are, firstly, an accumulation over time and, secondly, as there continues to be an operating surplus by the board, those assets would effectively continue to grow.

The Hon. JOHN RYAN: So you will add to that?

Mr SILK: Yes.

The Hon. JOHN RYAN: You have \$25 million in the bank before you start your operations next year, and you are accumulating that over time?

Mr SILK: Yes. But those funds are held to meet the operating costs of the Office of Fair Trading and the tribunal, and also to meet other expenses in relation to the board's operations.

The Hon. JOHN RYAN: Nevertheless, it is still available to the Government to request the Rental Bond Board to do something else with it, is it not?

Ms DIANE BEAMER: In accordance with the Act.

The Hon. JOHN RYAN: The point I am making is that sometimes the budget papers are perhaps not as useful to members of the public as they might otherwise appear to be. Budget Paper No. 3, volume 2, page 19-58, line item "Total Current Liabilities" refers to a figure of \$85,000 for 2004-05 and a revised figure of \$600,000, which is the same figure for the 2005-06 budget estimate. Why is there such a discrepancy between those two figures? Why is it necessary to budget for \$600,000 in current liabilities? What do these current liabilities constitute?

Mr SILK: The budget figure for 2004-05 was an estimate at the time. Twelve months hence, as at 30 June, there were \$600,000 worth of expenses that needed to be met by the board but had not yet been paid. They related to a small sum in relation to Audit Office audit fees that were outstanding and also some of the administrative costs of the Office of Fair Trading. It has been impacted by a delay in payment post the end of the financial year.

The Hon. JOHN RYAN: When you say "some administrative costs", it is a significant amount of money. Could you explain what "some administrative costs" means?

Mr SILK: The figure for the Office of Fair Trading would be in the order of \$0.5 million. In the normal course of events, that would have been paid in the financial year and would not show as a current liability. However, in this particular instance both the Audit Office fee and a portion of meeting the cost of the operations of the Office of Fair Trading were paid post 30 June and shown as a current liability.

The Hon. JOHN RYAN: It is an amount that was carried over from last year's budget?

Mr SILK: Carried over, but then, through accounting treatment purposes, showing as a liability and expense.

The Hon. CHARLIE LYNN: Mr O'Connor, last year I asked questions with regard to your department's prosecution against Mr Leach of Medina Investments, who was trading as LJ Hooker in Camden. You may recall that the department closed down Mr Leach's business. During the department's prosecution of Mr Leach it was revealed that Camden Property Marketing, which had nothing to do with Mr Leach, was not registered with your department. Why was Camden Property Marketing allowed to continue to operate and trade while it was not registered with your department?

Ms DIANE BEAMER: We will take that question on notice.

The Hon. CHARLIE LYNN: When did your department become aware that Camden Property Marketing was not registered with it?

Ms DIANE BEAMER: Once again, I think we should take the specifics of that case on notice.

The Hon. CHARLIE LYNN: Is it also a fact that clients who were dealing with Camden Property Marketing would not have any claim on the compensation fund if the company was not registered with the Office of Fair Trading? Is it the case that the company, while operating as an unregistered company, would have no claim on the compensation fund?

Ms DIANE BEAMER: We will take that question on notice.

The Hon. CHARLIE LYNN: Surely you do not need to take a question such as that on notice. If a company is not registered with your department, would people have a claim on the compensation fund?

Mr CATT: The general rule is that you would not be able to have a claim on the compensation fund if the individual or corporation was not licensed. However, my understanding is that the law was changed so that if the person in effect reasonably understood that they were dealing with a person who was licensed, they would be eligible to claim.

The Hon. CHARLIE LYNN: When was that law changed?

Mr CATT: In recent years, but I cannot give you the exact date.

The Hon. CHARLIE LYNN: You may wish to take this question on notice. Having realised that Camden Property Marketing was not registered with the Office of Fair Trading but was allowed to continue to trade and operate, and that quite a substantial claim was made on the company by a number of people, that influenced your decision to prosecute Mr Leach of Medina Investments, trading as LJ Hooker, who had taken over the business but had nothing whatsoever to do with Camden Property Marketing. However, I understand that the department decided to prosecute Mr Leach because he was licensed, even though Camden Property Marketing was not. I would like to know whether that influenced your decision to prosecute Mr Leach.

Mr CATT: I think the only response that should be given at this stage is that the proceedings that were taken by the Office of Fair Trading were not a criminal prosecution. You have used the word "prosecution" on a number of occasions. The proceedings were in the nature of disciplinary proceedings under the Property, Stock and Business Agents Act 1941, under which the commissioner

had to commence the proceedings by way of complaint in the local court. At no stage were criminal proceedings taken against Mr Leach.

The Hon. CHARLIE LYNN: May I return to the question. It was not satisfactorily answered last year because Mr O'Connor was not exactly sure about how the proceedings were recorded. Mr Leach was required to attend the Office of Fair Trading for an interview with investigating officers, in the company of his solicitor. I understand that the questioning took place over two to three hours, and the very next morning Mr O'Connor signed a document to declare that Mr Leach was not a fit and proper person to practise in the real estate industry. Effectively, he drove Mr Leach out of the industry and closed his business. Mr O'Connor continued to sign that document for more than a year, to keep Mr Leach out of the industry. My question was this: How was the evidence taken by the investigating officer over a period of two to three hours recorded? Was it recorded in shorthand or on tape? How was the evidence tested? How is it that it all happened over 12 hours? Perhaps Mr O'Connor could answer that. You made that decision. Did you go through that evidence in detail?

Mr O'CONNOR: I think I responded last year that I personally did not—

The Hon. CHARLIE LYNN: I said that the answer given last year was not satisfactory.

Mr O'CONNOR: I suspect that anything I say would not be satisfactory to you. The point is—

The Hon. CHARLIE LYNN: I am representing Mr Leach here, because he is the one who is out of work at the moment because his business has been shut down. It

Mr O'CONNOR: I think you will find that over a period of some 18 months several notices were served on Mr Leach. In respect of every one of them, by law, Mr Leach had the opportunity of going to the Administrative Decisions Tribunal. I think there may have been eight such notices, and on each occasion he did not respond to the tribunal. So one could only expect that, for whatever reason, he accepted the decision of the department at that time. On the last occasion we spoke about the fact that he was—I think you might have used the word—"grilled" for some three hours. I think he might have been there with his investigators. Of course, he exercised his right of having legal representation. No doubt the solicitor at that time would have made sure that in his view Mr Leach's interests had been properly looked after. I did not see the papers following that. My officers made a recommendation to me that that should be the case, and I accepted their recommendation.

The Hon. CHARLIE LYNN: Surely, if you are going to drive someone out of an industry you should test the evidence. If I may go back a little. Mr Leach did not exercise the option you referred to, based on the legal advice he received. As I recall, the solicitor told me he thought it was the most outrageous prosecution he had encountered in his 20 years experience in this area. He said he recommended to Mr Leach that the matter go before a court. Of course, the matter did go to court. The court hearing went for six days. I accompanied Mr Leach on each of those six days, and every item was thrown out of court.

Mr O'CONNOR: I think you will find that the magistrate found there was no reason to believe that the investigation had not been conducted in a reasonable and proper manner. The proceedings were initiated with reasonable cause and in good faith, and were conducted in a proper manner, and there were no exceptional circumstances. The magistrate found that the prosecution case fell short in establishing a link between Leach and direct responsibility after the conduct. Nevertheless, the magistrate at that time said that the way we handled the matter was appropriate.

The Hon. CHARLIE LYNN: Is it normal practice for you simply to take the recommendation of your investigating officers on face value, the very next day after they have conducted a two to three hour investigation, without reviewing the case yourself?

Mr O'CONNOR: I do not see them now because I have delegated this responsibility. Do not forget that this fellow had the opportunity over 18 months, and we got to the end of that period. You might say his lawyer said that it was outrageous. That might be all right for the lawyer, but the law is there and the law is to provide options for people like Mr Leach if they feel aggrieved by the decision

of the commission. He was given not one, not two, but eight opportunities. So I cannot see how that can be outrageous. As I said to you before, if my officers make a recommendation to me based on the evidence they have before them, I would have no reason not to accept it.

The Hon. JOHN RYAN: The budget papers set out a summary of expenditure trends and developments for your portfolio. Budget Paper No. 3, volume 2, page 19-17, indicates that it cost \$12.3 million to administer the Rental Bond Scheme. It cost \$12 million to administer the Rental Bond Scheme?

Mr O'CONNOR: The \$12.3 million is the administrative charge of the Office of Fair Trading for the administration of the Rental Bond Board. Once upon a time there was a Rental Bond Board. In terms of staff, et cetera, the board longer exists. The Rental Bond Board is simply a group of people established under the Act. As custodians of bond money, we have hundreds of thousands of people with bonds. They come into Fair Trading and they go out of Fair Trading. We are registering people and we are giving refunds. Until January, the call centre was part of what we would call the administration of the Rental Bond Board. That has now gone into the general call centre. So the cost of administering the Rental Bond Board is the amount of money there, \$12.3 million.

The Hon. JOHN RYAN: I suggest that \$12.3 million would employ an army of public servants. Are you suggesting that that is the equivalent amount of staff and time that would be required to administer what appears to be a reasonably uncomplicated scheme?

Mr SILK: As I mentioned earlier, in the budget papers the cost of administering the Rental Bond Board is in fact \$31 million. It is broken down into various components: a mix of Office of Fair Trading work that is undertaken in accordance with the legislation, there is the Consumer, Trader Tenancy Tribunal operations as well, plus various grants and funding programs that make up that mix. In relation to the \$12.3 million that is referred to, I would need to look at that compared with the operating accounts, but the overall accounts of the operations of the Rental Bond Board is in fact \$31 million.

The Hon. JOHN RYAN: As I said, if we were to equate that in relation to the number of people you would employ for \$12.3 million, that is more than 100 public servants. Are you telling the Committee that if we were to have a Rental Bond Board like we used to have that it would take more than 100 people to administer it?

Mr O'CONNOR: I suggest it would cost more money because you would have a strong corporate services function that would have to run itself. And do not forget that \$12 million represents those people who are working on a rental bond board, but it also represents a pro rata of the activities of the department elsewhere in administering those people. There is staff—

CHAIR: Head office charges.

Mr O'CONNOR: Exactly. They are corporate charges. They are the cost of publications; they a percentage of the cost of our customer service officers in our regions. The vast majority of the work done by our customer service officers in our 23 regional offices relates to tenancy issues. As they relate to tenancy issues, it is reasonable—and the Auditor General has agreed—that that be a charge against the Rental Bond Board. So we are just not looking at a bunch of people sitting in a room recording things in and out; there is everything that goes with the administration of something like that and, as the Chair mentioned, overheads, et cetera. But there is a lot more that goes with it: publications—

The Hon. JOHN RYAN: Mr O'Connor, I detect a level of indignance that I would even ask such a question. It is reasonable for the Committee to ask where does a figure of \$12.3 million come from, and you have started to suggest that it relates to tenancy matters generally, not just the Rental Bond Board. That is fair enough.

Ms DIANE BEAMER: This is the grant of subsidies?

The Hon. JOHN RYAN: I am referring to \$12.3 million to administer the rental bond scheme. I must say it does say "scheme". It does not say \$12.3 million on tenancy matters; the budget

papers say "scheme". So it is not unreasonable for me to ask does it require \$12.3 million to administer the scheme, Mr O'Connor. Now what you are saying to me is that the \$12.3 million represents what it costs the Department of Fair Trading, in part, to administer tenancy matters generally, not just the scheme. And I accept that. But it is not unreasonable that I would ask whether the word "scheme" means scheme. There is a reference to \$4.3 million specifically allocated to the cost of the Tenancy Advice and Advocacy Program. Can you explain to the Committee how these funds are allocated—because I understand some of them relate to grants given to organisations? Could you explain how those grants are allocated, the organisations that receive them and how the probity and transparency of the expenditure of those grants is administered?

Ms DIANE BEAMER: Would you like me to go through all of the grants as they were given?

The Hon. JOHN RYAN: If it is possible, just table a list. First, perhaps you could tell us how that scheme operates in general terms.

Mr STOWE: The way it operates is that public submissions are called for those people who are interested in providing the service. A team of officers goes through those applications, which have to meet specific criteria. They then submit that to a funding committee, which looks at each of the applications and then makes its recommendations to the Minister that funds be granted for the purposes of providing those services. It is a totally transparent approach. The guidelines are publicly available for anyone to see as to how we reach a decision.

Mr O'CONNOR: I am happy to table them if that helps the Committee.

Documents tabled.

The Hon. GREG DONNELLY: This question is directed to the Minister, and perhaps others might care to assist answering. What action does Fair Trading take where a trader continues to carry on business in breach of a Supreme Court order?

Ms DIANE BEAMER: Fair Trading will seek custodial sentences against persons guilty of serious breaches of the fair trading legislation where imprisonment is an available sentencing option. During the current year, Fair Trading has secured custodial sentences against defendants in three different cases. If you would like me to talk about each one individually it is probably not appropriate to do so.

The Hon. GREG DONNELLY: No, that will not be necessary.

Ms DIANE BEAMER: Each of these defendants received a custodial sentence rather than a fine, given the gravity of the offences and the seriousness in which the courts dealt with such offences. There are some traders, of course, prepared to carry on business in defiance of a Supreme Court restraining order for their conduct. Where a trader is resistant to court orders, Fair Trading has no hesitation in instituting further proceedings in the Supreme Court against the trader for contempt of court. Fair Trading has taken actions against wayward traders on a number of occasions. Each case has sought and obtained custodial sentences from the Supreme Court.

CHAIR: Could I ask a follow-up question on that concerning licensed builders? How many builders have had their licences cancelled in the year 2004-05, in comparison with the previous year, for acquiring their licences in a fraudulent manner?

Ms DIANE BEAMER: You are referring specifically to the ICAC inquiry?

CHAIR: I was thinking first of all about licensed builders.

Ms DIANE BEAMER: In terms of licensed builders, the number of licences cancelled was 367. If you want to go through the reasons: bankruptcy was noted on the licence on 17 occasions; liquidation, 10; cancelled for bankruptcy, 2; supervisor left, 163; winding up order, 12; deregistered by ASIC, 4; issued in error, 12; disciplinary proceedings, including section 43, 137; and placed in administration, 10.

CHAIR: Could I go to a similar area? I am thinking now of the textile and clothing workshop, and may I commend your department for the detection and prosecution of sweatshop owners. What resources are being allocated to the further detection and prosecution of such persons who do not pay legal levels of wages?

Ms DIANE BEAMER: This matter quite possibly relates better to the Minister for Industrial Relations.

CHAIR: Yes, I did get some answers towards that last night. If you prefer to defer I will accept that. Can I go to another general question? With the integration of Fair Trading into the Department of Commerce, what do you believe was the reason for this happening?

Ms DIANE BEAMER: I am not in a position to talk about the reason other than the obvious way in which they mesh together and the fact that we were very much able to get some certain economies through that. But it very much relates to the activities of Commerce and is, in fact, a very neat way of running a department—an office.

CHAIR: Do you think that very neat way of running the department has led to the diminution in the executive powers of the Minister for Fair Trading?

Ms DIANE BEAMER: No, I do not. I certainly have the same powers under all of our pieces of legislation.

The Hon. IAN WEST: Minister, does the department alert other States and Territories about rogue traders and scammers?

Ms DIANE BEAMER: Yes, we do. I can elaborate on that a bit further. Unfair traders—of course, we call them rip-off merchants—have less places to hide in New South Wales with the State Government Fair Trading agency, the Australian Competition and Consumer Commission and the New Zealand Ministry of Consumer Affairs. We recently joined forces to detect those engaged in consumer fraud. AUZSHARE is a national database for information sharing about scams and serious consumer complaints. It provides a secure Internet facility for consumer protection agencies across Australia and New Zealand to post information alerts for the investigators across the various jurisdictions.

Generally, reports on the system are limited to complaints of a more serious nature where multiple complaints are being investigated by a particular agency and, of course, complaints subject to law enforcement action. This facility improved co-ordination of regulatory activities and enabled easier identification of systematic fraud. The launch cements earlier developments in the co-operative relationship we have with other Fair Trading agencies. The National Joint Consumer Protection Agency Agreement has also enhanced co-ordination and investigation compliance and enforcement activities. Our work in New South Wales has in many cases benefited all consumers but not just those in New South Wales. For example, New South Wales has numerous successes combating overseas scam mail. We have been able to obtain court orders preventing promoters from selling their mail to any Australian State or Territory.

In addition, AUZSHARE in Fair Trading has acquired and is implementing a Netmap intelligence software. This technology is being used by leading law enforcement and intelligence agencies around the world—including the FBI, New Scotland Yard, the Australian Securities Intelligence Organisation and major insurance companies—in their fight against fraud. I guess that proves that Fair Trading is modern, flexible and uses intelligence in analysing its data and quickly interpreting massive amounts of data to find links that will identify problems with individuals and businesses.

The Hon. IAN WEST: I have a follow-up to that on the same issue: What is being done to prevent, or are there any ways of preventing these scammers moving interstate or moving to different jurisdictions?

Ms DIANE BEAMER: That is why we have developed the co-operative approach between the States regarding how we can share information for the general public. We have encountered a number of different types of scams such as the overseas mail scams, false invoicing and the provision of information by fax back. We regularly co-ordinate its compliance activities to disrupt the scams with law enforcement and other regulatory authorities to develop consistent and national responses. Overseas mail scams—such as fraudulent lotteries, fake miracle cures, overpriced substandard goods and sham investment opportunities—aim to get people to pay money without providing anything in return. Fair Trading is currently the lead agency in the development of a national education strategy.

The ScamSmart program is designed to increase consumer awareness, particularly in elderly members of the community. Just recently I visited a ScamSmart presentation on the Central Coast to alert residents of the various pitfalls of receiving various scams in the mail. A second part of the strategy, of course, is intercepting a scam by seizing and destroying incoming mail before it is delivered, with the co-operation of Australia Post. Consideration is also being given to amending Commonwealth legislation to streamline mail seizure. I think there were 90,000 mail items successfully removed from being received by New South Wales consumers in one particular instance.

CHAIR: In the last two months has your department launched any prosecutions concerning collusion or price fixing by petrol stations?

Ms DIANE BEAMER: That is a Commonwealth responsibility under the Trade Practices Act.

CHAIR: I understand that, and I understand the role of the Australian Competition and Consumer Commission [ACCC].

Ms DIANE BEAMER: We have not.

CHAIR: No investigations. Do you get complaints in this regard?

Ms DIANE BEAMER: I am sure we all get complaints in our position regarding this, but it is primarily the responsibility of the ACCC under the Trade Practices Act and the Commonwealth Government.

The Hon. JOHN RYAN: If I can return to the \$4.3 million in grants distributed from the rental bond investments. Do the guidelines relating to the distribution of this \$4.3 million in grants prohibit or exclude submissions from landlord groups for landlord advice and advocacy programs?

Mr STOWE: The answer to that is no.

The Hon. JOHN RYAN: I notice that the funds are distributed around the State at various places, some to meet the needs of particular consumers, such as indigenous people and so on. How do you ensure that the grants are equitably distributed around the State so that there is a reasonable distribution of advice on advocacy services where people are likely to be renters?

Mr STOWE: We have actually developed a framework that looks at geographical distribution of the grants. It was reviewed a couple of years ago and adjusted to make sure that those services were being provided where they were required.

Ms DIANE BEAMER: It is obvious also from the funded organisations. As you can see, there it is a spread of tenancy advice throughout New South Wales, as well as peak bodies that give advice, such as the Combined Pensioners and Superannuants Association.

The Hon. JOHN RYAN: The budget papers indicate that \$675,000 has been allocated for building service grants. Could you explain how those grants operate and to whom they are likely to be distributed?

Mr STOWE: These grants are made available to people who are interested in education services for people in the building industry. The process is very similar to the other grants. Public submissions are called for. There is a program and people have to ensure that their applications

comply in terms of the priorities that are set every year and that the department sees as being appropriate. Recently, continuing professional development was seen as a high priority for the allocation of grants. If they meet the guidelines and are thought to be viable after they have been considered by a grants committee, and the Minister concurs, the grants are allocated.

The Hon. JOHN RYAN: The 2004-05 budget disclosed that an amount of \$662,000 was to be allocated but only \$303,000 was expended. Why was more than the amount that was allocated in 2004-05 not spent?

Mr STOWE: The simple answer to that is that the applications received did not comply with the requirements. We only provide grants to projects that we think are appropriate and viable.

The Hon. JOHN RYAN: I have pursued this and various Ministers have given undertakings to provide funding for an advocacy service for building service consumers to basically take over some of the work that has been done on an almost volunteer basis by the Building Action Review Group [BARG]. Why has no money been allocated to a community-based advice centre, as recommended by the Quality of Building Committee years ago?

Ms DIANE BEAMER: My understanding is that in November 2003 expressions of interest were called for the establishment of a pilot service to run for six months to gauge the level of demand for the service and to identify any operational issues that may need to be addressed prior to the permanent service being established. Only two applications were received and, unfortunately, neither was found to meet the eligibility and selection criteria, which were devised to ensure the relevancy and accountability of the proposed service.

Following an external review of the home building advice and advocacy service guidelines, a second round of expressions of interest for funding to operate a home building advice and advocacy service were called in late 2004 and only one submission was received. At the time the Government was assessing the submission an approach was received from a private commercial organisation that advised that it was intending to establish a State-based service providing independent advice and information to homeowners, to represent their interest to policymakers, government and regulatory authorities. In view of this latter development the Government is currently considering the best way to ensure that consumers are provided with home building advice and advocacy when necessary.

The Hon. JOHN RYAN: Is this commercial service in any way currently associated with the homebuilding industry? It is not just another branch of the Housing Industry Association making itself available, is it?

Mr STOWE: No, it is not. In fact, what they are trying to do is set up a similar system to that which, I understand, operates in the United States. It would become very much like an NRMA-type arrangement whereby people could obtain service when they are constructing buildings and get advice about appropriate builders to use. They would also be able to access legal advice and assistance.

The Hon. JOHN RYAN: How are you sure that that is not just another part of the home building industry marketing itself, because quite often home building advisory groups are simply that: they are marketing operations for the building industry, not an advocacy service that takes the point of view of the consumer?

Mr STOWE: Your observations are appropriate. We have not endorsed this scheme in any way whatsoever. We are waiting for them, in the next few months, to submit their proposals and then we will be able to make a decision on whether it is appropriate to support the scheme. We do not want to duplicate and spend public moneys.

Ms DIANE BEAMER: And we have not yet spent public money on this.

The Hon. JOHN RYAN: I am aware that no public money has been spent on it, but I am aware also that the Building Action Review Group undertakes this work on a volunteer basis. They have varying levels of success, but it is frankly cruel that a group of well-meaning volunteers continue to do this on the top of their kitchen tables and, notwithstanding several recommendations to

government, there has not yet been established a community-based advocacy service—similar to the sorts of services we fund for renters—available for home building consumers.

Mr STOWE: And it was very surprising that they did not make an application for a grant when we asked for applications for the pilot.

The Hon. JOHN RYAN: How much was the funding to be provided?

Mr STOWE: About \$250,000.

Ms DIANE BEAMER: And we actually extended the invitation for them to take up that offer.

Mr STOWE: When we reviewed it, we thought that one of the reasons people might not want to run the pilot was that it was only for six months, so we thought that by extending it and allocating additional money it might attract additional applicants. Again, BARG did not apply. BARG actually participated in helping us devise the guidelines for the program, so we have invited them into the process. It is very surprising that they did not make application for funding.

The Hon. JOHN RYAN: Possibly they are a bit worn out. How much money was collected from builders in licensing fees in the last year?

Mr SILK: Building licensing fees for 2004-05 represented \$8.1 million of retained revenue. There is some \$20 million worth of fees collected by Fair Trading but the balance is remitted to Treasury.

The Hon. JOHN RYAN: How much money is spent on assisting builders with their continuing professional development?

Ms DIANE BEAMER: We will take that question on notice?

The Hon. JOHN RYAN: I am sure you are familiar with the criticisms that have been made of the scheme of continuing professional development whereby some builders feel that they are participating in activities that are not necessarily conducive to enhancing their professional development. Many feel that they are attending events that are interesting in a social capacity but do not add to their body of knowledge, but they have to attend a certain number of these in order to accrue a number of points. Some builders feel that it is not adding to their practical knowledge. What review has been made of the scheme, because many builders feel considerable hostility towards that scheme and this could result in its well-meaning intent and credibility being destroyed very quickly?

Mr O'CONNOR: There was some early criticism of the scheme in terms of the sorts of things that people could do to gather points. We reviewed the scheme because of that criticism and we certainly typed up the guidelines. As a result, we produced this document, which I am happy to table for the interest of the Committee, which explains to builders how they can achieve the necessary 100 points over three years to retain their licence.

Document entitled "Continuing Professional Development: Information for Buildings and Swimming Pool Builders" tabled.

I am sure members are aware that the former Minister appointed an inquiry into home building licensing, under the chairmanship of Irene Moss, assisted by Professor Kevin Rice. That review is continuing and is expected to provide a report to the Government early next year. One of the things being considered is the applicability of continuing professional development [CPD]. Because that inquiry was under way, only builders and pool builders are currently part of the CPD scheme. Other trades were to come on board on 1 July, but the Minister made the decision at that stage that that would be deferred pending the licensing review currently being undertaken.

The Hon. JOHN RYAN: Are you conducting a survey to evaluate builders to determine whether they feel that these activities are useful? If so, are you prepared to publish the results of that survey?

Mr STOWE: As part of the review of home building licensing, public meetings have been held around the State at which builders and members of the community have been able to speak directly to the reviewers. I am certainly aware that CPD is one of the issues raised with members of the review team. There will be an issues paper available towards the latter part of this year. This will invite people to make comment on a range of issues relating to licensing, including CPD, so there will be plenty of opportunities for people to submit their views.

CHAIR: Are you responsible for the homeowner builders licences?

Mr O'CONNOR: Yes.

CHAIR: I have owned one of those licences in the past. To obtain one today people have to sit an examination and answer questions. Is the department aware that you can buy all the answers?

Mr STOWE: No. We would be very interested in that information.

Ms DIANE BEAMER: More than interested in that information.

CHAIR: Recently, I was offered not only the sample questions but also the answers to those questions.

Mr O'CONNOR: A number of providers are providing this service, such as TAFE colleges and private groups, and we have to approve them entering the marketplace. If there are scams or rorts going on, we would certainly like to hear about them.

Ms DIANE BEAMER: And anybody who knows about them will be referred to the Independent Commission Against Corruption.

CHAIR: I do know of one firm that is selling a product and, as part of the sales pitch, it not only directs you how to get your licence, but it also offers to provide you with all the answers.

Ms DIANE BEAMER: Any good course should do that, but, I guess, it is a test in the end to see whether you can.

CHAIR: The Committee will now examine the expenditure of the portfolio of Western Sydney. Do Government members have any questions?

The Hon. IAN WEST: Not at this stage.

CHAIR: Do Government members have any questions?

The Hon. GREG DONNELLY: Not at this stage.

The Hon. JOHN RYAN: There is a reference in Budget Paper No. 3 relating to your portfolio of Western Sydney of \$575,000 spent on fit out costs of the Office of the Minister for Western Sydney. Can you explain what that amount was spent on and what was the justification for spending these funds on an office fit out?

Ms DIANE BEAMER: The relocation of the Office of the Minister for Western Sydney was a result which saw it aligned with the Premier's Department. The fit out of level 2 Macquarie Tower, Parramatta, has enabled a number of government agencies to be co-located within this building. The figure of \$575,000 is the total cost of the move of the Office of the Minister for Western Sydney and the Premier's Department into level 2. The Western Sydney Regional Co-ordination Program from the Premier's Department, the South Western Sydney Regional Co-ordination Program from the Premier's Department, the Greater Western Sydney Drugs and Community Program from NSW Health, the Central Corporate Services Unit from the Department of Commerce, Families First from the Department of Community Services [DOCS], and the New South Wales Youth Partnership from DOCS now share expenses, expertise and facilities, and this is resulting in better service delivery to

Western Sydney. That is all the fit out costs for all those agencies moving into that area, not just the Office of the Minister for Western Sydney.

The Hon. JOHN RYAN: How many people are employed in the Office of the Minister for Western Sydney and what are their roles and qualifications?

Ms MOXON: The Office of the Minister for Western Sydney has a staff of eight officers. Out of the budget allocation for the Office of the Minister for Western Sydney we also pay the salary of a temporarily appointed officer to Minister Beamer's office. Did the second part of your question ask about qualifications?

The Hon. JOHN RYAN: I suppose what I meant to ask about was their professions. Are they planners, policy advisers, lawyers? Can you give us some idea of what each of those eight officers do?

Ms MOXON: The positions include a manager. That is me; I manage the office. We also have a number of program managers who manage the programs that we run. We run three main programs for the office.

The Hon. JOHN RYAN: So there are three program officers.

Ms MOXON: There are three program managers for the office, that is right.

The Hon. JOHN RYAN: What are the three programs that they manage?

Ms MOXON: They manage the Western Sydney Industry Awards, the Corporate Partners for Change Program and a couple of community awareness raising programs relating to the environment. They also provide secretariat support to the natural resources and environment senior officers group, which is a subcommittee of the Regional Co-Ordination Management Group of the Premier's Department. In addition to those program managers, we have two project officers who work on those programs and implement them across the region. In addition to that, we have an administration officer position.

The Hon. JOHN RYAN: As stated on the web site, the office is established to provide high-level strategic advice to the New South Wales Government and the Minister on Western Sydney issues. Who then of those project officers provides that advice?

Ms MOXON: Our office co-ordinates that advice through me, and I call upon those officers to provide information to me. When that advice is collated I forwarded it through to the Minister.

The Hon. JOHN RYAN: What sort of strategic advice would someone whose job it is to provide basically an event management function provide to the Minister for Western Sydney?

Ms MOXON: Through me and through the Office of the Minister for Western Sydney. We call upon our colleagues within the Premier's Department and other State government agencies for assistance in those matters.

The Hon. JOHN RYAN: Can you outline the occasions and the issues on which you have provided high-level strategic advice to the New South Wales Government?

Ms MOXON: To provide those details, I would need to take the question on notice.

Ms DIANE BEAMER: If I can just go through some of the things that arise after meetings between the Office of Western Sydney and the Premier's Department. There are a number of matters about which they would give me advice. There is a co-ordination role that is being played through a number of government agencies. Certainly with regard to Macquarie Fields and the incidents that occurred in that region earlier this year, I met with the office. We talked about the ways in which we could co-ordinate the roles of many government agencies. This was also done through the Premier's Department. We talked about what was occurring in community services and housing. Throughout a number of government agencies. We discussed what their roles were and what we needed to have a

look at in order to achieve a better outcome for the residents of Macquarie Fields. For example, co-ordinating temporary accommodation for residents with the Department of Housing so that more permanent community facilities could be built. Those kinds of issues were certainly brought to my attention. And I have only referred to them briefly.

Another issue of growing importance that we looked at strategically involved assistance to a number of newly arrived immigrants from west Africa and their increasing levels of representation in crime, both as victims and as perpetrators. We considered how we could co-ordinate a number of roles, both government and non-government, to arrive at a strategic approach to the integration of people who find it quite difficult to integrate in our community, given the trauma that they have experienced.

Thirdly, a number of government agencies have been looking a more co-ordinated approach to a very significant river system in Western Sydney, South Creek. We have been looking at other funding mechanisms, particularly the Federal Government money that was on offer, to rehabilitate this huge catchment area into Sydney's Hawkesbury Nepean system. It is probably one of the largest catchments to do so. I have plucked those three out to give you an example of the type of advice that I receive. Does that answer your question, Mr Ryan? It is an example of the way government activities are co-ordinated, what research is done. It is a co-ordinated approach by our agencies as issues arise.

The Hon. JOHN RYAN: I can understand how those officers involved in the environmental programs might have something to do with conducting some research on the Hawkesbury, but I am wondering which people in your office have the sort of expertise that you would normally drag together to conduct social research on, say, immigration and Macquarie Fields.

Ms DIANE BEAMER: What we talked about was the co-ordination of agency activities; it was not immigration as such. We saw emerging trends and looked at ways they could be identified through our existing resources or whether new resources were required to identify those as issues.

The Hon. JOHN RYAN: Who is we? Do you ask Ms Moxon, for example, to co-ordinate a meeting of different government departments and write you a paper? It is difficult for me to understand how the eight people in the office will gather together the expertise—

Ms DIANE BEAMER: I would do that with our links, and we have exceptionally strong links with the Premier's Regional Co-Ordination Program, which then looks at the expertise available.

The Hon. JOHN RYAN: What is the product you ultimately produce? Is it a paper that goes to someone or is it a briefing paper for you or a paper that goes to other government departments or Ministers or what?

Ms DIANE BEAMER: If we could just run through a number of things—and I do not claim that the Office of Western Sydney did all of this. It has been a co-ordinated approach. Perhaps if we could talk a little about Macquarie Fields and the role played by the Office of the Minister for Western Sydney liaising with the Premier's Department regional co-ordinator to look at a number of issues and determine what we could do about them. There was considerable research was engaged in by residents, non-government organisations, Campbelltown city council, Commonwealth government agencies and New South Wales government agencies. Through a small working group—which was chaired by the Premier's Department and attended by the former local member, the Hon Craig Knowles, residents, and State, Commonwealth and local government agencies—a package of actions was developed to target government actions and resources to identify issues and solutions.

If I can go on, the purpose of this was not to deliver a paper to me but to have a look what was needed and what we could deliver on the ground. The package of actions covers key areas such as policing, young people and families, community initiatives and employment. Implementation has commenced in some of the key actions, including the establishment, as I said, of a community meeting place in Macquarie Fields housing estate to assist in community building and support individuals and their families, and the appointment of a new local area command and the introduction of new policing strategies based on positive, proactive policing. That includes a high visible police presence and the establishment of a Police Youth Advisory Council and strategies to address tensions between Aborigines and Torres Strait Islanders and other Australian young people. A multinational

company recently won a Commonwealth Government contract to provide garrisons. As I have said we play a co-ordination role; we are not the lead agency but we have ongoing interest and input.

The Hon. JOHN RYAN: What did the Office of Western Sydney add to this? This appears to be a function of the Minister for Planning. What did the Office of Western Sydney do? Did you provide this unit with secretarial support or was it just a matter of Ms Moxon attending the meeting?

Ms MOXON: Through the Regional Co-Ordination Program we assisted in co-ordinating that briefing to the Minister.

The Hon. JOHN RYAN: Which meant what?

Ms MOXON: Now that the Office of the Minister for Western Sydney is aligned with the Premier's Department we assisted, so in that particular instance I was involved peripherally in collating that briefing.

The Hon. JOHN RYAN: What do you mean by peripherally? Who was involved?

Ms MOXON: It was mainly co-ordinated through the Western Sydney regional co-ordinator and the South West Sydney regional co-ordinator.

The Hon. JOHN RYAN: Which of the bits did you co-ordinate peripherally?

Ms MOXON: I did not co-ordinate; I assisted in that instance. It is fair to say that the Office of the Minister for Western Sydney, as I pointed out, runs three programs through our staff of eight. In addition to that, we provide briefings and ministerials to the Minister, and on many occasions that is done in collaboration and conjunction with the Western Sydney regional co-ordinator and the South West Sydney regional co-ordinator of the Premier's Department.

Ms DIANE BEAMER: Perhaps I could introduce Mr Rob Lennon, who is the Western Sydney regional co-ordinator.

Mr LENNON: Is your question specifically with regard to Macquarie Fields?

The Hon. JOHN RYAN: No. I am actually asking questions about the Office of the Minister for Western Sydney. You are not part of the Office of the Minister for Western Sydney. You are with the Premier's Department, are you not?

Mr LENNON: That is right, but as a result of a review that took place after the last election, the review was taken by DSRD (Department of State and Regional Development), sections of the then Office of the Minister for Western Sydney were sort of aligned with the Premier's Department's Regional Coordination Program, Western Sydney, and at the same time there were some other regional offices that were developed in the Hunter, the Illawarra and on the Central Coast. So the Office of the Minister for Western Sydney was aligned with the Premier's Department's Regional Coordination Program. Since that time we have worked together in a co-ordinated way to look at issues as they arise and develop across the region.

I should point out that my area is Western Sydney in terms of the Premier's Department, which has eight local government areas from the Blue Mountains down. But there is also my equivalent position for South West Sydney, which is where the Macquarie Fields situation arose. But at the time when Macquarie Fields drew notice and there were problems, there was no regional co-ordinator for South West Sydney and I took the front seat in terms of developing a response. In the first instance the Premier and the Minister wanted to know what the issues were, what programs were already being delivered on the ground, what perceptions there were about things that might be able to change and how, in a quick time, things might lead to things being approved. In addition, they wanted to know what long-term strategies could be put in place.

What happened then is we co-located and worked together directly in an organic way, in an integrated way. Jane and her staff fundamentally assisted in the development of responses as they came back from the agencies. I want to stress that we draw most of the information that we get

obviously from government agencies, who are specialists in the areas and the programs. It is with a great deal of negotiation and longstanding relationships that exist with the government agencies, particularly at a regional director level in Greater Western Sydney, that all the programs, all the responses, and all the advice are put together.

The Hon. JOHN RYAN: Could the Minister give us some idea of how much it cost to stage and run the Western Sydney awards gala presentation dinner?

Ms DIANE BEAMER: Net expenditure during the 2004-05 Western Sydney Industry Awards Program was approximately \$10,000 after deducting the \$318,000 we received in sponsorship revenue and events fees. Sponsorship, both in cash and in kind, amounted to approximately \$248,000. Costs incurred by the awards program have been reduced, but the high standard program delivered has been maintained and, as I think you would be aware from attending the last few functions, we have streamlined some of the awards and I think the outcome of \$10,000 as a net cost to government, given the amount of publicity it receives and the amount of prestige attached to these awards throughout Western Sydney and New South Wales, it is a well worthwhile program with little cost monetarily to government.

The Hon. JOHN RYAN: Except, of course, that in addition to that cost there are two members of the Office of Western Sydney to be added to that. They are obviously working on it all the time?

Ms DIANE BEAMER: It is part of their duties.

The Hon. JOHN RYAN: How much of the \$318,000 in sponsorship becomes part of the prizes and how much is involved in organising the event?

Ms DIANE BEAMER: There are no prizes except for trophies.

The Hon. JOHN RYAN: So the \$318,000 largely involves staging the event and printing the programs, and so on?

Ms DIANE BEAMER: And a whole load of events that are held in each local government area. It would also offset the cost of the judging. If you want to go through it item by item—

The Hon. JOHN RYAN: Is there a possible item list of how we spend \$300,000?

Ms DIANE BEAMER: How we spend \$10,000. Do you want a list of how we gained \$318,000?

The Hon. JOHN RYAN: The whole thing cost \$320,000. I accept that a lot of it comes from sponsorship but nevertheless it is a lot of money to spend for a night.

Ms DIANE BEAMER: It is not just the night.

The Hon. JOHN RYAN: Well, you can give us a breakdown, I guess.

Ms MOXON: I do not have the breakdown available here, but I can take that on notice and respond to it. I can outline to you what those costs covered. They covered the entire year's program of the Western Sydney Industry Awards, which commences with the launch of the industry awards. So, some event management costs would be incurred. There is also the printing of the application form and information guides and materials to potential entrants. That is distributed across the region. So, there are printing and design costs and postage costs incurred there. In conjunction with local councils, particularly in the past year, they help us host business networking functions across the region as a business support mechanism part of the program. So, again, event management costs are incurred there.

CHAIR: Do you get good support from the local papers for that?

Ms MOXON: Yes.

The Hon. CHARLIE LYNN: Are you in competition with any other event organisers for business awards?

Ms MOXON: What you mean?

The Hon. CHARLIE LYNN: There is an organisation called Macarthur Business Awards, for example, that runs a similar thing in the Macarthur area. I have heard it would love to organise the Western Sydney awards as they are a private enterprise type of operation, and I think there are others out there as well. Is there any need for government to be doing this or is it something that you have thought could be privatised and put out to tender for private enterprise event organisers?

Ms DIANE BEAMER: I would say they probably would not do it for \$10,000.

The Hon. CHARLIE LYNN: No-one is going to do it to \$10,000, but there are organisations out there. Do you see this is a function of government or are there other organisers out there to whom you could tender it?

The Hon. JOHN RYAN: They do not do it for \$10,000. They do it for \$318,000, which the Government gets from sponsorships.

The Hon. CHARLIE LYNN: There are numerous event organisers out there. Have you thought about putting this out to tender, to run the Western Sydney business awards?

Ms MOXON: A number of award programs are run across all areas, including in Western Sydney. Our office has taken the view that we do not see that to be in competition with the Western Sydney Industry Awards. We have certainly had some discussions with the organisers of some of those other awards programs to look at synergies between the programs and how that could work best for the business community and region.

The Hon. JOHN RYAN: How many networking nights did you hold in the past 12 months in the lead-up to the current one? I remember seeing the odd one mentioned in the newspaper, but were there many of those?

Ms MOXON: There were 10 evening events.

The Hon. JOHN RYAN: Have you planned a similar program for the forthcoming year?

Ms MOXON: We have planned a similar program.

The Hon. JOHN RYAN: Have dates been set for them yet?

Ms MOXON: Not as yet. We are beginning negotiations and discussions with local councils across the region to stage those events.

The Hon. JOHN RYAN: How much is contributed by sponsorship from New South Wales Government-owned organisations such as Landcom, the Sydney Olympic Authority, and so on, towards the sponsorship of those awards?

Ms MOXON: For State government agencies in particular, or State authorities and agencies?

The Hon. JOHN RYAN: The government agencies.

Ms MOXON: In the past year for the Western Sydney Industry Awards our platinum sponsor was Transurban. It contributed \$40,000 in cash as its sponsorship. Gold sponsors included Integral Energy, CPA Australia, Blacktown City Council, Landcom, the Sydney Olympic Park Authority, Parramatta City Council, and Westlink M7. All of them, with the exception of the Sydney Olympic Park Authority and Parramatta City Council contributed \$20,000 cash as the gold sponsorship. The Sydney Olympic Park Authority and Parramatta City Council contributed \$15,000 each to a \$30,000 sponsorship for the excellence in innovation gold sponsorship.

We also had a media sponsor for the program, Cumberland Newspaper Group, which contributed \$20,000 in-kind sponsorship. Silver sponsors, contributing cash or a combination of cash and in-kind sponsorship, included AusIndustry, Australian Business Limited, Baulkham Hills Shire Council, Campbelltown City Council, Holroyd City Council, and Penrith City Council. Finally, there was an event sponsor, Sydney SuperDome, for the gala presentation dinner.

The Hon. JOHN RYAN: How much did it provide?

Ms MOXON: It contributed \$12,00 in kind.

The Hon. JOHN RYAN: A discount on the use of the venue, or something of that nature?

Ms MOXON: That is correct.

The Hon. CHARLIE LYNN: That is in kind or cash. All your gold and platinum sponsors were government agencies, whether local or State.

Ms MOXON: Sorry. I have listed all the sponsors for the program. I should point out also that this year we ran the awards in partnership with the New South Wales Department of State and Regional Development and the Greater Western Sydney Economic Development Board. It contributed assistance by way of personnel.

The Hon. JOHN RYAN: How many people attended that event? There looked to be a lot.

Ms MOXON: The gala presentation dinner was attended by 531 guests.

The Hon. JOHN RYAN: Is that the same number as we had the previous year?

Ms MOXON: No, it was reduced.

The Hon. JOHN RYAN: How many did we have the previous year; I think the venue was bigger?

Ms MOXON: To the best of my memory I think the guest list was 575.

The Hon. JOHN RYAN: So it is only slightly down?

Ms DIANE BEAMER: Some of that can be traced back to the fact that we took out some of the categories and streamlined them so there were fewer awards. Although we had fewer entries, there were also fewer finalists.

The Hon. JOHN RYAN: Does the \$318,000 you mentioned that you collected from sponsorship include what people paid to attend? I remember paying \$150 to go. Does that include that?

Ms MOXON: The net cost included event fees, that is right.

Ms DIANE BEAMER: I said sponsor revenue and event fees.

The Hon. JOHN RYAN: So event fees include what people paid to attend?

Ms DIANE BEAMER: Yes. But I said sponsorship and cash and in-kind contributions amounted to \$248,000.

Ms MOXON: The \$318,000 was the cost of the industry awards program across the year. That is not just the cost of the gala presentation dinner. By comparison with the previous year the net cost of the program was approximately \$80,000 less.

The Hon. JOHN RYAN: What is the purpose of the networking nights?

Ms MOXON: There is a dual purpose for entrants. One is to find out how to enter the Western Sydney Industry Awards, so they can determine whether it would be worth their while to enter the awards program, so we have the information on hand. The other main role is for local business members to link up. They have the opportunity to find new customers, for example, improve their supply chain, as well as connect to or link up with the economic development managers of local councils and State Government business advisers as well. So, it is a business opportunity.

The Hon. KAYEE GRIFFIN: Would only the very large councils in Western Sydney such as Blacktown and Penrith have economic development managers, or does each local government area that participates in this process have such officers?

Ms DIANE BEAMER: It would depend on how each council is structured. Certainly a lot of local councils have economic development officers with whom we would co-ordinate in running a networking evening. Fairfield City Council, for example, has an economic development officer. Bankstown City Council has its own Bankstown City Council awards night. I have attended it and subsequently encouraged them to go along to the Western Sydney one. It would depend on the structure of each council. Councils now do have economic development managers to help with the process. If they have a networking function for their area, I would attend, and it is up to them as to whom they invite. They invite me as a guest of their networking function.

The Hon. KAYEE GRIFFIN: Do those councils see these evenings as positive to enable them to have a range of discussions with their local industries and ascertain what is happening broadly across the local government area?

Ms DIANE BEAMER: I do not think we have had any complaints, and many are coming forward to hold them again. So, if the positive is in the eating, they are coming back, signing up and saying, "Yes, we would very much like to hold them again." Some of the events could be quite large. Penrith City Council invited all the members of its Chamber of Commerce to come along and talk about what their industries do; and I believe it was the president of the Chamber of Commerce who decided he would be involved in them. This year another council has approached us to become involved, and I am pleased that Fairfield also wants to become involved in this. They are finding it a great benefit to talk to their local constituency about how they might best serve it.

The Hon. JOHN RYAN: How much did you spend on legal costs for your representation at the Orange Grove inquiry?

Ms DIANE BEAMER: Just before I go, for your edification I would like to table the Independent Commission Against Corruption [ICAC] report into Orange Grove, as well as the first page of the web site, which of course gives the findings of the corruption inquiry. Whilst we are on the topic of legal costs, as no doubt the member would be aware, applications for legal and financial assistance for persons appearing before the Independent Commission Against Corruption were considered in accordance with the provisions of section 52 of the Independent Commission Against Corruption Act 1998. Applications by Ministers required to appear before the ICAC are considered under Premier's memorandum 99-11, which states that "assistance is given at the discretion of the Attorney General".

Upon application, assistance for the Orange Grove inquiry was given to me and to other Ministers and ministerial staff. The legal costs in this matter were significant. Serious allegations were made against me and fellow Ministers and, as such, we had a right to representation. However, as the exhaustive public inquiry found, the allegations were without foundation. Make no mistake as to whom this legal bill belongs: the Opposition. After the so-called inquiry into the Orange Grove factory outlet, which was conducted in the upper House, the Opposition itself should be held accountable for the costs incurred by the Parliament. After all the submissions and the evidence that was given over 22 days of public hearings, Assistant Commissioner Ian Harrison, SC, found that my decision was made having regard to the merits and State government planning policies.

The ICAC report found that I was not inappropriately nor illegitimately influenced. At the same time the ICAC report also stated that Mr Bill Gazal appeared "never to have been able to accept any decision in which this matter did not go his way". That is a direct quote. The New South Wales

Opposition refused to accept the Land and Environment Court decision declaring the Liverpool City Council development consent for the outlet centre unlawful, nor the subsequent appeal that was dismissed. The matter for costs is in relation to the Attorney General.

The Hon. JOHN RYAN: Did you make an application for costs?

Ms DIANE BEAMER: Yes.

The Hon. JOHN RYAN: Which members of your staff made applications for costs?

Ms DIANE BEAMER: My chief of staff, Michael Meagher, and Craig Munnings, senior policy officer, who appeared on the days of the ICAC hearings.

The Hon. JOHN RYAN: Are you aware of the costs that were incurred by you and your staff?

Ms DIANE BEAMER: I am aware of the generalities but certainly not the specifics. I believe they are in the order of \$850,000.

The Hon. JOHN RYAN: In total for yourself?

Ms DIANE BEAMER: And the Premier, and Minister Knowles, and the chief of staff of the Premier and, I think, several officers from Craig Knowles' office. I am not aware of the specific breakdown.

The Hon. JOHN RYAN: It cost nearly \$1 million for a dreadful decision.

Ms DIANE BEAMER: A dreadful decision by the ICAC to investigate?

The Hon. JOHN RYAN: No, a dreadful decision on your part not to approve it as you originally intended to.

Ms DIANE BEAMER: That is untrue and totally false.

The Hon. JOHN RYAN: Did you inquire as to why you were not given all the briefings that were relevant to the inquiry before you made your decision? You only received the Westfield briefing.

Ms DIANE BEAMER: That is untrue, false. However, this is clear: days of hearing, 22; corruption findings, nil.

CHAIR: I am sure you will be happy to continue this discussion privately in the corridor. I apologise for Ms Lee Rhiannon's absence.

Ms DIANE BEAMER: That is perfectly all right.

CHAIR: Thank you, Minister, and your staff for attending and for your assistance.

The Committee proceeded to deliberate.
