

**ADDRESS BY BARRY O'FARRELL, NSW LIBERAL LEADER,
TO ILLAWARRA BUSINESS CHAMBER,
18 SEPTEMBER 2008, WOLLONGONG**

Mr Les Dion – President, Mr Mark Grimson – CEO, Illawarra Business Chamber,
Ladies and Gentlemen,

I am honoured to address you tonight as we commemorate the 10th anniversary of the Illawarra Business Chamber.

When I think of the Illawarra Business Chamber, two main things come to mind: strong advocacy and strong plans.

Following its creation through the 1998 merger of the Australian Business Chamber – Illawarra and the Wollongong Chamber of Commerce, the Illawarra Business Chamber has been a vocal champion of not only the interests of the business community, but the Illawarra in general.

During the recent turbulence the Illawarra has gone through – be it political or economic – the IBC has stayed steady and focussed.

The IBC has never lost focus on advancing the cause and growth of the Illawarra's businesses, including its own member companies and the 42,000 people they employ.

In doing so, the IBC has championed the best interests of the region because it knows, as do I, that the growth of business and the local economy is critical to the future of the Illawarra's nearly 400,000 residents.

The IBC has been a leader among business groups across this State.

Rather than taking the well-worn path of complaint and criticism, or simply pursuing narrow self-interest, the IBC has consistently done the hard yards and developed comprehensive ideas for improving the Illawarra.

The IBC presents to people like me not just identified current and future problems, but with detailed proposals to solve them – and that is a great credit to its Board, its staff and you the members that provide its mandate.

The IBC's dual strengths – strong advocacy and strong plans – can only grow as it moves forward. I want to particularly congratulate the IBC tonight on its most recent achievement in these respects, including its unrivalled championing of infrastructure for the Illawarra.

Tonight, I'd like to make some remarks about infrastructure and the respective and complementary roles of government and business in delivering it.

First of all, let me be clear: I don't believe government is a business per se, as there are numerous services government must provide that business could never or should never do.

However, there is much that government can learn from business.

Like businesses we confront similar issues.

These include the need to maintain critical workers.

For instance, in the year immediately following the last State election, 738 officers left the NSW Police Force. Police are leaving at almost the same rate as they are being recruited.

In addressing such a problem, business would do what it could to identify the cause of the turnover and take steps to try and improve retention rates.

Yet despite this staggering loss of corporate knowledge from the ranks of our police, the State Government scrapped compulsory exit interviews that would reveal the causes of the departures.

A Liberal/National Government, using the practical example of business, would reintroduce these interviews, learn the lessons to stem the loss of police.

Like business too, employee productivity is critical to the delivery of services by government to the public.

Put simply: we need to lift public sector performance – improve the services provided to the public – if we are to lift this State out of its current malaise and get NSW back on track.

The private sector uses performance agreements and bonuses to boost productivity. Regrettably the lack of accountability in the NSW public sector – from the ministry down – means these simple measures are ignored.

For most of you in this room, these lessons are straight from 'Business 101'.

But for the past 13 years there has been institutional unwillingness by the current State Government to apply simple, commonsense principles – such as managing your staff, listening to your customers and understanding the prevailing conditions - that you use in your own organisations.

If you ran your companies the way this State is run, you wouldn't still be in business.

It is a problem clearly on display in the Illawarra where it is obvious that the provision of infrastructure isn't keeping pace with the region's growing industry and population needs.

It was present when, despite the State Government's welcome decision to move car carriers to Port Kembla, it failed to recognise that an estimated 70% of those vehicles would be sold into the Sydney market.

The decision - involving as much as 70,000 truck movements – should have been matched with upgrades to transport links between the two centres.

It's the problem that underpins your Illawarra Transport Infrastructure Priorities statement that examines the critical role of transport to the future of the Illawarra and its people, businesses and economy.

I strongly agree with the IBC's view that the Illawarra must have a reliable and well-connected transport system for the movement of both goods and services, and of people – particularly to and from its major markets in Sydney.

As Mark Grimson has pointed out, current commuter travel times to Sydney are longer than necessary and reliability is a major concern. And, as with commuters, local businesses are also hurt by poor transport infrastructure, especially bottlenecks.

My colleagues and I understand and recognise the importance to this region of the IBC's priorities from the Maldon-Dombarton Freight Rail Line, the Picton Road and Princes Highway upgrade through to the ideas for a fast train and airport development.

These are even more significant given the State Government's plans to grow the Illawarra population by another 100,000 people over the next 20 years.

A growth in population strategy that has not been matched by plans to build the necessary infrastructure to support those who travel each day to Sydney for work or business or those who operate within this region.

Amazingly, despite the Federal Government having money available for infrastructure projects, the NSW Government failed to nominate any of the Chamber's identified projects in its *Infrastructure Australia* submission.

The NSW submission to the national infrastructure audit reads like a wish list for Sydney marginal seats, not a plan to secure the State's future infrastructure needs.

Despite being told in June that the State Budget and the State Infrastructure Strategy were fully funded and not dependent upon the sale of electricity asset, we are now told the State faces a financial crisis.

No details have been provided; no explanation given. In fact, Mr Rees has refused to provide one, despite his earlier pledge to be honest with the community.

That's why the Liberal and Nationals are moving towards the early recall of the Parliament's Treasury Estimates Committee.

We want Treasury officials to publicly explain:

- the State's financial outlook;
- any implications for capital works projects already announced either in the the State Budget or the State Infrastructure Strategy; and

- the options the community faces.

Unlike our opponents, my colleagues and I understand that tax increases, failure to reduce the regulatory costs encountered by business and the axing of infrastructure projects – especially road and rail – will worsen, and not improve, the State's financial outlook.

NSW is already uncompetitive; the situation must not be allowed to worsen.

My opponent, Mr Rees, needs to deliver what his two predecessors promised: responsible economic management.

He needs to understand, acknowledge and act on the basis that only a strong economy can secure the State's future. It's the foundation upon which all government does – or wants to do – is based.

A strong economy makes possible the first class economic infrastructure – like road and rail systems – that business needs.

A strong economy makes possible the first class social infrastructure – such as new and upgraded schools and hospitals – the community deserves.

Only the achievement of a strong economy – encouraging business and investment to grow and backed by the necessary infrastructure and services – guarantees the continuation of the high standards of living we enjoy.

The private sector – through the jobs and wealth it creates – holds the key to our future. It requires a competitive climate – and certainty – to thrive.

Despite what some may think, I want the State's Labor Government to get it right this time.

Labor's record of 'conscientious incompetence' may be politically convenient for my side of politics, but it is doing the community no good and wrecking NSW.

This State's future is too important for politics and spin to get in the way of fixing finances and restoring services.

But talk about best business practice must include reference to the issue of governance.

Corporate governance – complete with penalties including goal sentences – requires business decisions to be made on merit and in the interests of shareholders.

The public should expect no less from government.

Our commitment to better governance is evidenced in the mechanisms we introduced when we were last in office, including the establishment of ICAC and our system of Freedom of Information.

Improving public sector governance is why I'm determined to strengthen those mechanisms when we're next in office.

One of the biggest challenges for government in this State is the damage done to the reputation of public administration by our perceived 'donations for decisions' culture.

No one should underestimate its consequences for business in NSW – as investors walk away from it seen as the risk of decisions not being merit based.

It's clearly in business' interest – here in the Illawarra and elsewhere – to end the any link between political donations and decisions.

And I want to end it permanently.

There are a number of ways to achieve my goal.

In planning, ICAC's proposal to curb ministerial and political decision-making should be introduced, not ignored as it has been by the State Government for more than a year.

No planning minister should be personally able to decide the fate of a development application from a party donor.

In government, the Liberal/Nations would ensure that these matters were decided on merit by an independent, arms length process.

But there is a bigger solution available - one that involves fundamental reform of our political campaign and donations laws.

It was one of the first issues I raised in Parliament after I became Leader of the Opposition.

In March this year when the former Premier (Morris Iemma) promised an end to all political donations I thought progress was about to occur. Six months on nothing has happened – except Mr Iemma's departure.

Our new Premier has ignored the issue – which may not be surprising given the Labor figures responsible for his elevation.

While others procrastinate, I am not prepared to ignore the damage the current arrangements are causing to public confidence in government.

I want limits imposed on how much political parties, third party interest groups and candidates can spend during campaigns, not on just how much people can donate.

I want it to put people – not dollars – back at the centre of politics.

During the last Parliament, NSW Labor raised \$24 million in donations at the rate of \$115,000 a week, every week, for four years.

It spent \$16 million to win the last election.

That \$16 million excludes the \$100 million in taxpayer funds used on 'feel good' government advertising in the lead up to last year's election. An annual advertising spend bigger than that of Coke and the Commonwealth Bank combined.

Imposing limits on how much can be spent on election campaigns – including limits on government advertising in the lead up to polls – would reduce the dollars involved.

Caps on spending and donations work overseas. They apply in countries like New Zealand and Canada. There is no reason they could not work here.

They would help restore confidence in our political system and, in my view, assist with a return to genuine local politics and away from the centralised, television-based negative battles that masquerade as campaigning.

Put simply, if you can't spend the money there's no need to raise the massive sums that are now involved in politics in this State.

Democracy does have a cost, but decisions under our system of government shouldn't come with a price tag and under my system they won't.

Caps on how much can be spent during election campaigns – and an annual limit on donations – would restore integrity and confidence in government by putting people and not vested interests back at the centre of our system of government.

Giving ICAC the resources and legislative remit needed to ensure it proactively monitored government decisions and donations would also help.

ICAC has done some good work – especially at a local government level – but I remain concerned and critical that, unlike its early years, it no longer strikes fear in the ministerial and parliamentary corridors.

Ladies and gentlemen,

My political beliefs are driven by a view that competition, choice and free enterprise are important in helping create the condition in which people can fulfil their potential – for their own benefit and for the benefit of the wider community.

It drives my commitment to ensure that, as we seek to lift this State's performance and once again set it on a course to lead the nation and deliver world-class services to its citizens, government seeks to listen to, work with and involve the private sector.

It's why, despite the odds, I want my party to contest the upcoming by-elections in seats like Lakemba and Cabramatta. Electorates only ever held by Labor. Where voting for other than Labor is like trying to convince St George /Illawarra fans to barrack for Melbourne Storm!

My belief in the benefits that flow from competition is why I am delighted to be here tonight.

Despite the significant contribution made to the State's economy by your region, the Illawarra has been taken for granted for too long by the Labor Party.

It's something that, like you, I want to see ended.

I can and will continue to support the Illawarra Business Chamber's efforts and priorities.

But I offer more: the Liberal Party will ensure the Illawarra is as competitive an electoral field as any Sydney marginal seat come the next election.

It's too good an opportunity to reinforce that Liberal beliefs have a universal relevance, irrespective of where you live, what you do or how you have voted in the past!

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