

# **PORTFOLIO COMMITTEE NO. 1 – PREMIER AND FINANCE**

**Monday, 22 August 2022**

**Examination of proposed expenditure for the portfolio area**

## **TREASURER, ENERGY**

**UNCORRECTED**

**The Committee met at 9:30**

### **MEMBERS**

The Hon. Robert Borsak (Acting Chair)

Ms Abigail Boyd  
Ms Cate Faehrmann  
The Hon. Scott Farlow  
Mr Justin Field  
The Hon. John Graham  
Ms Sue Higginson  
The Hon. Taylor Martin  
The Hon. Daniel Mookhey  
The Hon. Chris Rath  
The Hon. Penny Sharpe

### **PRESENT**

**The Hon. Matt Kean, *Treasurer, and Minister for Energy***

## **CORRECTIONS TO TRANSCRIPT OF COMMITTEE PROCEEDINGS**

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

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



**The ACTING CHAIR:** Welcome to the initial public hearing for the inquiry by Portfolio Committee No. 1 – Premier and Finance into budget estimates 2022-2023. I acknowledge the Gadigal people of the Eora nation, who are the traditional custodians of the lands on which we are meeting today. I pay my respects to Elders past, present and emerging, and celebrate the deep diversity of Aboriginal peoples and their ongoing cultures and connections to the lands and waters of New South Wales. I also acknowledge and pay my respects to any Aboriginal and Torres Strait Islander people joining us today. I welcome Treasurer Matt Kean and accompanying officials to this hearing. Today the Committee will examine the proposed expenditure for the portfolios of Treasurer and Energy.

Before we commence, I would like to make some brief comments about the procedures for today's hearing. Today's hearing is being broadcast live via the Parliament's website. Proceedings are also being recorded, and a transcript will be placed on the Committee's website once it becomes available. In accordance with broadcasting guidelines, media representatives are reminded that they must take responsibility for what they publish about the Committee's proceedings. All witnesses in budget estimates have the right to procedural fairness, according to the procedural fairness resolution adopted by the House in 2018. There may be some questions that a witness could answer only if they had more time or with certain documents to hand. In those circumstances witnesses are advised that they can take a question on notice and provide an answer within 21 days.

If witnesses wish to hand up documents, they should do so through the Committee staff. Treasurer, I remind you and the officers accompanying you that you are free to pass notes and refer directly to your advisers seated at the table behind you. Finally, would everyone please turn their mobile phones to silent for the duration of the hearing. All witnesses will be sworn prior to giving evidence. Treasurer Kean, I remind you that you do not need to be sworn as you have already sworn an oath to your office as a member of Parliament.

**Ms SONYA CAMPBELL**, Acting Deputy Secretary, Commercial and Procurement, NSW Treasury, sworn and examined

**Mr SAN MIDHA**, Deputy Secretary, Policy and Budget, NSW Treasury, affirmed and examined

**Dr PAUL GRIMES**, Secretary, NSW Treasury, affirmed and examined

**Mr JAMES HAY**, Chief Executive Officer, Energy Corporation of NSW, Office of Energy and Climate Change, NSW Treasury, sworn and examined

**Ms RACHEL PARRY**, Deputy Secretary, Energy, Climate Change and Sustainability, Office of Energy and Climate Change, NSW Treasury, affirmed and examined

**Mr ANDREW LEWIS**, Executive Director, Energy, Office of Energy and Climate Change, NSW Treasury, affirmed and examined

**Dr ARUNA SATHANAPALLY**, Executive Director, Economic and Revenue Analysis, NSW Treasury, affirmed and examined

**Dr KATE WILSON**, Executive Director, Climate Change and Sustainability, Office of Energy and Climate Change, NSW Treasury, affirmed and examined

**Ms JOANN WILKIE**, Deputy Secretary, Economic Strategy and Productivity, NSW Treasury, affirmed and examined

**Ms CASSANDRA WILKINSON**, Executive Director, Transport, Regions, Infrastructure and Planning, NSW Treasury, sworn and examined

**Mr ANDREW KINGSMILL**, Executive Director, Technical Advisory Services, Energy Corporation of NSW, Office of Energy and Climate Change, NSW Treasury, affirmed and examined

**The ACTING CHAIR:** Today's hearing will be conducted from 9.30 a.m. until 12.45 p.m. with a 15-minute break at 11.00 a.m. We are joined by the Treasury in the morning. In the afternoon we will hear from departmental witnesses from 2.00 p.m. until 5.15 p.m. with a 15-minute break at 3.30 p.m. During those sessions there will be questions from the Opposition and crossbench members only. If required, an additional 15 minutes will be allocated at the end of the morning and afternoon sessions for Government questions. Thank you for your attendance today. We will begin with some questions from the Opposition.

**The Hon. DANIEL MOOKHEY:** Thank you, Chair. Greetings to you, Treasurer. It is good to see you. Thank you for joining us.

**Mr MATT KEAN:** Good morning, Mr Mookhey.

**The Hon. DANIEL MOOKHEY:** Hello to the secretary as well. Thank you for your attendance and for the attendance of your officials. Treasurer, I congratulate you on your recent election to the deputy leadership of your party. In the lead-up to this year's budget, you announced \$42 billion in new spending, which was double what the Prime Minister and the former Prime Minister combined promised at the last Federal election. This spending spree is happening at a time of record-high inflation—decades high. Isn't the fact that you've announced \$42 billion of new spending and increased the size of the deficit next year to the tune of billions just a sign that your 12-year-old Government has given up on any element of fiscal discipline?

**Mr MATT KEAN:** That's a great question, Mr Mookhey. But the question I have is whether you're going to apologise to commuters who were late to work this morning because of the industrial chaos that you and your union bosses are waging on the people of New South Wales.

**Ms ABIGAIL BOYD:** Point of order—

**Mr MATT KEAN:** I want to know if you're going to apologise to the thousands of people left stranded on railway stations this morning because of your union boss, Alex Claassens, who has basically shut down the rail network—

**Ms ABIGAIL BOYD:** Point of order—

**Mr MATT KEAN:** —and inconvenienced people who are going about their lives.

**The ACTING CHAIR:** I will hear the point of order.

**Ms ABIGAIL BOYD:** The point of order here is pretty obvious. It is not for the Treasurer to be asking the questions.

**The Hon. DANIEL MOOKHEY:** Treasurer, rest assured, we will have opportunities to explore that later. But perhaps you could get to my question, which is given that you've unleashed \$42 billion of new spending at a time of record-high inflation, isn't that a sign that your 12-year-old Government has given up on any element of fiscal discipline?

**Mr MATT KEAN:** I think you and your union bosses unleashing industrial chaos on the people of New South Wales shows that you're not fit for government, shows that you're not ready to be able to manage the State in the public's interest rather than the unions' vested interest. This morning was a shocking example of that. Are you going to apologise to the people left stranded on Campbelltown station this morning? Are you going to apologise to the people on Hornsby station left stranded this morning? What we're seeing is exactly what the unions promised and Labor is delivering—the year of the strike—and it's disgraceful. I'm going to sit here and call it out until you apologise to the people of New South Wales—

**The Hon. PENNY SHARPE:** How about you answer the questions you're being asked.

**Mr MATT KEAN:** —for you aiding and abetting this disgraceful action inconveniencing the public this morning.

**The Hon. DANIEL MOOKHEY:** Treasurer, thank you. I'm disappointed that you're not taking the opportunity to even try to defend your \$42 billion spending spree. But if you don't want to do that, that's fine.

**Mr MATT KEAN:** I'm disappointed that you're not taking the opportunity to apologise to the public for the inconvenience your union bosses caused them this morning, Mr Mookhey.

**The Hon. DANIEL MOOKHEY:** Treasurer, this could be one of the last times you and I get a chance—

**Mr MATT KEAN:** Alex Claassens is on the administrative committee of the union movement. He appoints people like you to these jobs, and rather than acting in the public interest you're acting in Alex Claassens' interest.

**The Hon. DANIEL MOOKHEY:** Treasurer—

**Mr MATT KEAN:** You should apologise to the travelling public for the chaos that you're waging on them today.

**The Hon. DANIEL MOOKHEY:** Treasurer, the result of your spending spree is more gross debt at the same time that interest rates are skyrocketing. Are you at all worried that in just a few years, the New South Wales Government will be paying more in interest than we do to fund the entirety of the NSW Police Force.

**Mr MATT KEAN:** Let me tell you what's costing the public of New South Wales. That's the industrial warfare being waged by the union movement on the people of this State. Every single day, including today, the people of New South Wales, the State of New South Wales, is losing millions and millions of dollars because of this terrible industrial campaign being waged by Mark Morey, by Alex Claassens and supported by you, Mr Mookhey.

**The Hon. PENNY SHARPE:** Point of order—

**Mr MATT KEAN:** You want to be the Treasurer of New South Wales. Is this what we can expect?

**The ACTING CHAIR:** Order!

**The Hon. PENNY SHARPE:** I know that the Treasurer wishes to flick the switch to vaudeville very early this morning. But he is actually required to be directly relevant and answer in a directly relevant way to the questions being asked. If he wishes for his comrades to ask him some questions at the end of the day, where he can do this performance, he's able to do that in the last 15 minutes. Right now he's got to be directly relevant.

**The ACTING CHAIR:** Actually, Minister, you are required under the standing orders of the upper House to be directly relevant in your answers. I've given you plenty of opportunity to direct yourself to the questioning. I don't think abusing Mr Claassens, as probably good as it is for you—the reality is that's not being directly relevant to the questions that are being asked. Can you please direct yourself to the questions that are being asked.

**The Hon. DANIEL MOOKHEY:** Treasurer, third time lucky—

**Mr MATT KEAN:** Thank you, Mr Chair. The Hon. Penny Sharpe mentioned comrades. I'm concerned about her comrades that are shutting down the rail network today and running the year of the strike.

**The Hon. PENNY SHARPE:** Point of order—

**Mr MATT KEAN:** It's just disgraceful. But, Mr Chair, I take that on board. I'm very happy to answer questions.

**The Hon. DANIEL MOOKHEY:** Treasurer, for the third time. In just a few years, as a result of your spending spree in your first budget, the New South Wales public will be paying more in interest than we do to fund the New South Wales police service. Does that create any concern on your behalf?

**Mr MATT KEAN:** Let me be very clear to you. The best way to manage the State's finances is to grow the overall size of the economy. That's why our budget invested record amounts in the things that are going to improve the productive capacity of New South Wales. Take for example our investment in early childhood education. We know the best way to increase the size of the State's budget is to ensure more people are working and more people are in better, higher paying jobs. That's why we're giving our kids the best start in life, spending billions of dollars, providing universal pre-kindergarten, to ensure that they're set up for success for their entire life's journey. That increases the productive size of the economy.

What I will say is that, while we've got a policy to improve educational outcomes for children in New South Wales and grow the overall size of the economy, we've heard no policy on this issue from the Labor Party. This is one of the reasons that we're investing in universal, affordable or more affordable and accessible child care across New South Wales. We know that that's going to increase the participation rate in New South Wales, of women, by up to 95,000 more than is currently seen. That's how we grow the State's finances.

**The Hon. DANIEL MOOKHEY:** Treasurer, in just a few—

**Mr MATT KEAN:** Can I just finish my question.

**The Hon. DANIEL MOOKHEY:** No.

**Mr MATT KEAN:** You've asked me a question.

**The Hon. DANIEL MOOKHEY:** You've spent the first five minutes—

**Mr MATT KEAN:** Mr Chair, I'm trying to answer the question.

**The Hon. DANIEL MOOKHEY:** No, you're not, Treasurer.

**Mr MATT KEAN:** I'm saying that we're investing in things—

**The Hon. SCOTT FARLOW:** Point of order: The question has been put to—

**The Hon. DANIEL MOOKHEY:** Treasurer, this will go a lot faster—

**Mr MATT KEAN:** The question went to the investments we're making in the budget. I'm answering the question. You're not answering why you're not apologising to the travelling public for the disgraceful and shambolic chaos that was created by your boss, Alex Claassens, this morning.

**The ACTING CHAIR:** A point of order has been taken. Order!

**The Hon. SCOTT FARLOW:** Mr Chair, I was just seeking to give the Treasurer an opportunity to answer the question as put to him by the Hon. Daniel Mookhey. The Treasurer was trying to answer and was constantly cut over.

**The Hon. DANIEL MOOKHEY:** To the point of order: The Treasurer spent the first five minutes answering a whole different set of questions than the ones I asked him. Then I did give him ample time to answer this one. I'm now drawing him to my next question. In budget estimates I am entitled to move the Treasurer on when he's not being directly relevant.

**The ACTING CHAIR:** I draw again the Treasurer to the need to be directly relevant. I also—

**The Hon. SCOTT FARLOW:** Can I just take a point of order on that?

**The ACTING CHAIR:** Hang on. Let me finish. I remind Mr Mookhey that the Treasurer is entitled to answer the question any way he likes, even if we don't like that. But the reality is he does need to be directly relevant. Giving free publicity to the union could appear to be a good thing, not a bad thing. Who knows?

**The Hon. DANIEL MOOKHEY:** Treasurer, in a few years, we will owe our creditors a—

**Mr MATT KEAN:** I haven't finished my answer to the question you asked me. Mr Chair, I'm trying to provide context.

**The Hon. DANIEL MOOKHEY:** Sorry, Treasurer. We're moving on.

**The Hon. PENNY SHARPE:** We're moving on.

**Mr MATT KEAN:** Hold on. I got asked a question. You were complaining about the fact I wasn't answering the question.

**The Hon. DANIEL MOOKHEY:** Point of order—

**Mr MATT KEAN:** When I try to answer the question, you won't let me. It's unfair. I'm just saying—

**The Hon. DANIEL MOOKHEY:** The ordinary pattern of budget estimates, which the Treasurer, who's well experienced, knows, is that we're entitled to ask the questions and we're entitled to move on the questioning when the question has been answered as we see fit. The Treasurer is well and truly far more mature than he's displaying right now. I would encourage you to allow him to stay silent so I can actually ask the question. Otherwise, this will be a much longer morning than any of us planned for.

**The ACTING CHAIR:** I uphold the point of order.

**The Hon. DANIEL MOOKHEY:** Treasurer, in a few years' time, New South Wales will owe our creditors a whopping \$182 billion in debt, the highest in our history. Do you ever expect us to ever pay that money back?

**Mr MATT KEAN:** As I was trying to answer before, Mr Mookhey, the best way to manage the State's debt, the best way to manage the State's finances, is to grow a stronger and more prosperous economy for everyone. That's why we're investing in things that will do exactly that. Take our universal, affordable and accessible childcare investments, over \$5 billion to increase the participation rate of women across the economy.

**The Hon. PENNY SHARPE:** Point of order: This is going to be a very long morning. The way that these things normally go is question and answer. The Minister, the Treasurer, is required to be directly relevant. We have had an agreement at this Committee. If the Government wishes to ask questions, there is time provided in the hearing for them to do so. It's not an opportunity for the Treasurer to answer the questions he'd like asked from his people when the shadow Treasurer is actually asking questions that he may not like. He needs to be directly relevant. He's nowhere near close. We're now almost 10 minutes into our questioning and have not had one answer yet on debt or on spending, other than the answer that he wishes to provide, which his colleagues can ask him.

**The Hon. SCOTT FARLOW:** To the point of order: There are two parts to that. Firstly, the Treasurer was providing introductory context to his answer to Mr Mookhey with respect—

**The Hon. PENNY SHARPE:** For 10 minutes.

**The Hon. SCOTT FARLOW:** No. It was a short period of time, about 30 seconds, for the Treasurer to provide introductory context to his answer to Mr Mookhey. Secondly, with respect to the rules of direct relevance, they are the rules when it comes to question time of Ministers in the Chamber. They do not apply to budget estimates.

**The Hon. PENNY SHARPE:** They do. That's absolutely incorrect.

**The ACTING CHAIR:** They do apply. I rule that they do apply.

**Ms ABIGAIL BOYD:** To the point of order: Budget estimates is one of the only times that we get to hold our elected officials accountable. The Treasurer is making a mockery of this process. It is completely appropriate that he be directed to provide a relevant answer.

**The ACTING CHAIR:** I remind the Treasurer that you do, again, need to be directly relevant. You can make a short introductory statement. But that's been going on now for the best part of 15 minutes.

**Mr MATT KEAN:** If I could just conclude my answer with regard to debt. The best way to manage the State's debt is the best way to manage the State's finances, which is to grow a stronger economy. We've invested in things that will do exactly that.

**The Hon. DANIEL MOOKHEY:** Treasurer, I'm now going to ask—

**Mr MATT KEAN:** In fact, during the worst health and economic shock the State has ever seen, we've invested \$47 billion to keep business in business, workers in work and to keep people safe.

**The Hon. DANIEL MOOKHEY:** Treasurer, I'm going to move on.

**Mr MATT KEAN:** These are investments that were in the interests of the people of New South Wales and have put us in the position where we now have an unemployment rate of 3.3 per cent.

**The Hon. PENNY SHARPE:** Treasurer, we can just go and put you in a room with a mirror, and you can talk to yourself. Or you could actually take this seriously.



**The ACTING CHAIR:** Order!

**Mr MATT KEAN:** You can ask the questions, but you don't get to determine how I answer the questions.

**The Hon. DANIEL MOOKHEY:** Treasurer, you are—

**Mr MATT KEAN:** I'm trying to answer your questions. Just because you don't like answers doesn't mean that I shouldn't be able to finish them.

**The Hon. DANIEL MOOKHEY:** Treasurer, I just would like to move on. If we can just go back to our ordinary forms of exchange, I think, both you and I will find this process will go faster. Treasurer, given that we're going to owe \$182 billion in debt, are you considering any further privatisation of government assets in order to reduce the State's gross debt?

**Mr MATT KEAN:** No. We've made all our plans very clear in the State budget. It's a very clear document about what the Government's intent is. It sets out our plan to build a stronger economy and more prosperity for everyone in New South Wales, regardless of where they live, whether it be in the cities or the bush.

**The Hon. DANIEL MOOKHEY:** Treasurer, thank you for answering the question—

**Mr MATT KEAN:** What we haven't seen is any plan whatsoever from the Labor Party to build a stronger economy.

**The Hon. DANIEL MOOKHEY:** Treasurer, thank you for answering the question. Treasurer, Premier—

**Mr MATT KEAN:** We haven't seen a single policy from them, except for putting chargers on train stations.

**The Hon. DANIEL MOOKHEY:** Treasurer, I appreciate your answer—

**Mr MATT KEAN:** That's how embarrassing the Labor Party's policy agenda is these days.

**The Hon. DANIEL MOOKHEY:** Treasurer, Premier Perrottet has previously—

**Mr MATT KEAN:** Power cables on train stations: That's as good as it gets.

**The Hon. DANIEL MOOKHEY:** Treasurer, Premier Perrottet has previously—

**Mr MATT KEAN:** You're so busy muckraking. I know you're running the dirt unit for the Labor Party.

**The ACTING CHAIR:** Order!

**Mr MATT KEAN:** You haven't come up with a single policy to grow our economy or improve the lives of the citizens of this State.

**The Hon. DANIEL MOOKHEY:** Treasurer—

**Mr MATT KEAN:** Your only policy is the year of the strike.

**The Hon. DANIEL MOOKHEY:** Premier Perrottet has previously described privatisation as the golden key to unlocking the State's prosperity. Do you agree with him that privatisation is the golden key?

**Mr MATT KEAN:** We've set out our plans in the State's budget. We'll be taking those plans to the electorate and seeking a mandate. We'll be putting our clear plans to grow a stronger, more prosperous economy against your no plans to do anything. Your only plan for our economy, as far as I can tell, is to wage war on the people of this State through the year of the strike. Is that a plan you're endorsing, Mr Mookhey? To shut down our trains, to shut down our schools, to shut down our hospitals—

**The Hon. PENNY SHARPE:** How old are you?

**Mr MATT KEAN:** Just so you can look after your mates in the union movement? Are you going to apologise for that behaviour, Mr Mookhey?

**The Hon. DANIEL MOOKHEY:** Treasurer, can you guarantee that your Government, if it's re-elected, will not proceed to any further privatisations?

**Mr MATT KEAN:** What I can guarantee, Mr Mookhey, is that this Government will always put the interests of the people of New South Wales first. We will always make decisions that are in the public interest, not vested interest, unlike you and your mates in the union movement.

**The Hon. DANIEL MOOKHEY:** Treasurer, I'm giving you a very clear opportunity here to rule out further privatisation.

**Mr MATT KEAN:** Mr Mookhey, are you acting in the public's interest or the union's interest? That's the question you should be answering today, Mr Mookhey.

**The Hon. DANIEL MOOKHEY:** Treasurer, I'm asking you, can you—

**Mr MATT KEAN:** Are you going to act in the public interest or the vested interest of Alex Claassens and the union movement? That is the question that you need to answer here today, Mr Mookhey.

**The Hon. DANIEL MOOKHEY:** Treasurer, I'm giving you a clear opportunity here, right now, to rule out any further privatisations if your Government is re-elected. Can you guarantee that your Government will not proceed to any further privatisations if you're elected?

**Mr MATT KEAN:** Let me be very clear. We will always act in the interests of the people of New South Wales. We will always act in ways that will grow a stronger, more prosperous future for every single person. You want to talk about privatisations, let's not forget that it was your boss Chris Minns that was the architect of the privatisations of our toll roads—privatisations that he is now riling against in a bizarre act of political opportunism, and now he is the Leader of the Opposition. When he was Carl Scully's chief of staff, he was the one who designed the toll regime that is now riling against.

**The Hon. DANIEL MOOKHEY:** Treasurer, your Government—

**Mr MATT KEAN:** If you want to talk about privatisations, what about when the Labor Party privatised the generators of our electricity network?

**The Hon. DANIEL MOOKHEY:** Treasurer, I'm going to move on. Your Government—

**Ms ABIGAIL BOYD:** Enough.

**Mr MATT KEAN:** What about when the Labor Party privatised Parklea prison? Were you involved in that? Will you rule that out?

**The Hon. DANIEL MOOKHEY:** Treasurer, your Government has failed to deliver the hundreds of millions of dollars in compensation it has promised to 5,000 owners of taxi licence plates. It has been seven years. So many of these 5,000 licence plate owners have gone to the law. Can you explain to us why is it taking so long for your Government to deliver the money you've promised them?

**Mr MATT KEAN:** Well, I haven't been the Treasurer for seven years, Mr Mookhey. I think you know that. In fact, I've been the Treasurer for now around nine months, and during that time I'm very concerned about the plight of taxi plate owners. That's why I am working to ensure that we get a good outcome for taxi plate owners but also a good outcome for taxpayers of this State. It's going through a process and that's how good decisions are made, Mr Mookhey. You've been the champion of proper process for a long time.

**The Hon. DANIEL MOOKHEY:** David Elliott says—

**Mr MATT KEAN:** You've been sitting in the Public Accounts Committee talking about the need to have a proper process.

**The Hon. DANIEL MOOKHEY:** David Elliott says you're the hold-up.

**Mr MATT KEAN:** And yet here I am going through a proper process when it comes to handing out taxpayer money and it doesn't suit your argument, so you're riling against it.

**Ms ABIGAIL BOYD:** Point of order—

**The Hon. DANIEL MOOKHEY:** Treasurer, this is a serious matter.

**The ACTING CHAIR:** Order!

**Mr MATT KEAN:** This is a serious matter and we're going through a proper process to make sure we get the best outcome for taxpayers and the best outcome for taxi plate owners.

**The Hon. DANIEL MOOKHEY:** There are 5,000 people. So can you just allow me to ask you to question, Treasurer.

**The ACTING CHAIR:** Order!

**The Hon. DANIEL MOOKHEY:** Treasurer, David Elliott says you're the hold-up, and in fact he has described your excuses as "complete bullshit". Those are his words, not mine. He's the person who is saying that

you're the reason why these 5,000 licence owners cannot get the money that was promised to them. I want to give you an opportunity to respond to Mr Elliott and his claims because 5,000 people are still waiting for this outcome. When David Elliott says you're the hold-up, do you agree?

**Mr MATT KEAN:** No, what I am saying is that my job as the Treasurer of New South Wales is to ensure that we get the best outcomes for taxi plate owners whilst at the same time getting the best outcome for taxpayers. We are going through a process—a rigorous process—to assess a number of scenarios to achieve that objective. And, like I said, I want to make sure good process is followed because that's how you get good decisions and good outcomes, Mr Mookhey.

**The Hon. DANIEL MOOKHEY:** Treasurer, you said to Ben Fordham that Mr Elliott was actually holding things up and that he was meant to come back to ERC with further options that would allow those owners to get some compensation. You said that I think a week ago or maybe a bit more.

**Mr MATT KEAN:** That's exactly right.

**The Hon. DANIEL MOOKHEY:** Just allow me to ask the question, Treasurer. Has Minister Elliott come back to the ERC with the additional options that you're expecting from him that you said he would on the radio?

**Mr MATT KEAN:** I'm not going to talk about Cabinet processes.

**The Hon. DANIEL MOOKHEY:** Well, he will.

**Mr MATT KEAN:** You know how Cabinet works, Mr Mookhey. Cabinet is a body whereby we consider a range of scenarios. We work through them in the appropriate way and that's what we'll do with this decision, like any other decision. Let's not forget, we've already got \$150 million out the door to support taxi plate owners and we are working through a process to get an outcome that's in the interests of taxpayers and the interests of taxi plate owners, Mr Mookhey.

**The Hon. DANIEL MOOKHEY:** Treasurer, I appreciate you are working through the process.

**Mr MATT KEAN:** That's what good government does—goes through a proper process. That's what we'll do when it comes to this one.

**The Hon. DANIEL MOOKHEY:** But from the perspective of these 5,000—these 5,000 taxi licence owners look like they're being held hostage in some war you and the transport Minister are waging against each other. Can you please just tell us, after you go through all the due diligence and the process that you're going through—

**Mr MATT KEAN:** That language is not appropriate. To characterise it that way—where are you getting these tactics from?

**The Hon. PENNY SHARPE:** Point of order—

**The ACTING CHAIR:** Order!

**Mr MATT KEAN:** Is this from your predecessor, Walt Secord?

**The Hon. PENNY SHARPE:** Point of order—

**Mr MATT KEAN:** I hope you're not taking advice on other matters from Mr Secord. That is disgraceful the way you've framed this.

**The Hon. PENNY SHARPE:** Point of order—

**The Hon. DANIEL MOOKHEY:** Treasurer, the 5,000—

**The ACTING CHAIR:** Mr Mookhey, don't encourage him for the moment.

**Mr MATT KEAN:** I am happy to have a respectful conversation, but you're not being very respectful.

**The Hon. DANIEL MOOKHEY:** Treasurer, the 5,000—

**The ACTING CHAIR:** No, a point of order has been taken.

**The Hon. PENNY SHARPE:** Question, answer, not interrupting from the Treasurer, is my point of order.

**The ACTING CHAIR:** I uphold the point of order: question, answer. Question, answer.

**Mr MATT KEAN:** I think the inflammatory framing of questions is not appropriate.

**The ACTING CHAIR:** You're entitled to answer the question in any way you like but you must be directly relevant.

**The Hon. DANIEL MOOKHEY:** Treasurer, these 5,000 licence owners really just want to know when they can expect a decision. Even going through the process that you're going through, when can you at least tell them that that process will wrap up and they can expect an announcement about the additional support that should be made available to them?

**Mr MATT KEAN:** As soon as possible.

**Ms ABIGAIL BOYD:** Thank you, Chair. Good morning, Treasurer.

**Mr MATT KEAN:** Good morning, Ms Boyd.

**Ms ABIGAIL BOYD:** I want to ask you firstly about your comments in relation to the unions and the striking. At what point does the Coalition Government take responsibility for the tens of thousands of public sector workers across the State being worse off because of the wages cap?

**Mr MATT KEAN:** Ms Boyd, the Coalition Government has just handed down one of the most generous public sector pay increases anywhere in the country—a 3 per cent pay increase for public servants across the board, including a \$3,000 one-off bonus for our nurses and our health frontline workers who were heroes during the pandemic. I'm very proud that we've done that, Ms Boyd. I hope you're levelling —

**Ms ABIGAIL BOYD:** Sorry, can I just stop you there.

**Mr MATT KEAN:** Could I just—

**Ms ABIGAIL BOYD:** Let me just stop you there. So after 11 years of receiving so much less than what they are worth and so much less than what they otherwise would because of the wages cap, you've given them—finally, we have an increase. Are you saying that that makes up for all of the thousands of dollars that they've lost over that time?

**Mr MATT KEAN:** How have you quantified that, Ms Boyd? Because the reality is that public sector wages growth has outstripped private sector wages growth for the last 10 years that the wage cap has been in place. So, in fact, public servants are better off in terms of the growth of their wages than their private sector counterparts. So I reject the premise of your question, Ms Boyd.

**Ms ABIGAIL BOYD:** Okay, I will rephrase it. There's no doubt that across the board wages have been flatlining, whether it's private sector or public sector, and we've had this discussion before about the leadership that can be shown by the wage setting in the public sector. But when we come down to it, we have record rates of inflation. We still have well over 13 per cent of people in this State living in poverty. We have quite alarming rates now of energy poverty and people doing it into credibly tough. You just have to go out of this building and take a straw poll of 10 people on the street to know that the actual standard of living in this State has gone markedly down. And I do appreciate that there have been a number of reasons for that, but the bottom line is that people are doing it tough. At what point does your Government look at the workers who are striking and understand that they have no choice in the matter because they're trying to get your attention to get a proper set of wages and conditions?

**Mr MATT KEAN:** The first thing I'd say, Ms Boyd, is that people are doing it tough at the moment. What we're seeing is the hangover effect of COVID, with labour supply shortages and capacity constraints driving up inflation. You've got a confluence of events. You've got the war in Ukraine. A number of things are making it harder for people to deal with cost-of-living pressures. I recognise that. That's one of the reasons we've got over \$7 billion of measures in the State budget to help families and those that need it most with cost-of-living pressures. Take, for example, our Energy Bill Buster program—nearly \$130 million put on the table to support families with their energy bills. That program, as you know, Ms Boyd, will not only see people being able to trade in their rebates for energy efficient appliances or solar panels—

**Ms ABIGAIL BOYD:** Can I stop you there? Because I'm going to come back to energy perhaps in my next round of questioning and we can talk about the other issues in that part of your portfolio responsibilities. There was a lot of fanfare about this budget that you've handed down being the so-called "women's budget". I think you're aware of how scathing I was when I actually read the budget. But the thing that stood out most was the seeming lack of awareness that when you have such huge percentages of women in health, education and other public sector jobs and when you have denied them a proper wage rise you are significantly disadvantaging the women of this State. Why haven't you looked at providing a proper wage increase for women across the State in our public sector?

**Mr MATT KEAN:** What do you deem is a proper wage increase, Ms Boyd? Because the Victorian Labor Government deems a proper wage—

**Ms ABIGAIL BOYD:** I'm not Labor so the deflection of—

**Mr MATT KEAN:** I understand. But can I just make the point that the Victorian Labor Government has given a 1.5 per cent public sector pay rise and I don't see the same unions that are threatening the year of the strike here in New South Wales doing likewise in Victoria. The Western Australian Labor Government has actually had a pay freeze and the same comrades are not out there shutting down the rail network in Western Australia.

**Ms ABIGAIL BOYD:** I'm not interested in—

**Mr MATT KEAN:** But we've given one of the most generous public sector pay increases anywhere in the nation at the moment. I'm asking you: What are you saying is appropriate, given that inflationary impacts, we think, are temporary as a result of the hangover of COVID? Obviously we've changed our wages policy for the next two years to deal with that. We'll review that again in light of the economic circumstances that we're faced with.

**Ms ABIGAIL BOYD:** You basically need to play catch-up though. If you've got 53,760 women teachers who have been worse off over the last 11 years because of the wages cap, to now give them a wage rise that doesn't account for the tens of thousands of dollars they've lost over that time—can you see that that's not enough? Can you see why they might be taking to the streets to complain about it?

**Mr MATT KEAN:** But you're talking about playing catch-up. The reality is that real wages have grown for public servants over the last 10 years under our wages policy. They've outstripped their private sector counterparts by some margin. Right now, we've adjusted our wages policy to reflect the changing economic conditions. It's a wages policy that is more generous than the Victorian Labor Government's wages policy or the Western Australia Labor Government's wages policy. So I'm asking you to tell me what you think an appropriate wages percentage is.

**Ms ABIGAIL BOYD:** At least 5 per cent.

**Mr MATT KEAN:** But on what basis is 5 per cent? Is that The Greens' policy?

**Ms ABIGAIL BOYD:** On the basis that people need to be able to afford to live.

**Mr MATT KEAN:** In perpetuity?

**Ms ABIGAIL BOYD:** We've had discussions before where you've said you're very much in favour of free market ideology. How can you still support a salary cap on public sector pay?

**Mr MATT KEAN:** Well, obviously we need to balance the needs of taxpayers and ensure that we spend their money as prudently as possible with the need to support our public sector workers and also people that rely on the Government. We need to make sure that we're getting the best outcome for a diverse range of stakeholders and it is a challenge.

**Ms ABIGAIL BOYD:** But it's completely inconsistent, isn't it, with your otherwise stated ideology—to artificially cap the wages of public sector workers for over a decade?

**Mr MATT KEAN:** Well, no, what we're always focused on is making sure we get the best outcome for taxpayers but also get the best outcome for our public servants and the people that rely on government services. As Treasurer I'll always work to that end. I'll work with people like you, Ms Boyd, and the various members of the Parliament to ensure we get that outcome.

**Ms ABIGAIL BOYD:** At what point would it ever be acceptable in your eyes for train workers to strike?

**Mr MATT KEAN:** Sorry?

**Ms ABIGAIL BOYD:** At what point, in what circumstances, would you be okay with train workers saying, "We're going to strike", in order to get your Government's attention? Are there ever any circumstances where it's okay in your eyes for workers to try to enforce better pay and conditions?

**Mr MATT KEAN:** I'll tell you where I don't think it's acceptable for train drivers to strike. That's when they say that we need to spend \$1 billion to rip out safety equipment from perfectly good, brand-new trains in order for the unions to work. That's not acceptable. This claim that we should rip out CCTV cameras, that we should take out sensor technology from trains that were declared by the safety regulator as being safe—

**Ms ABIGAIL BOYD:** With respect, Treasurer, you're completely misconstruing—

**The Hon. PENNY SHARPE:** Just to be clear, you've agreed to that.

**Mr MATT KEAN:** That is not true. The safety regulator has said these trains are safe. The only ones saying they're not safe are the unions and what they're claiming is that we need to rip out CCTV cameras, sensor technology. Basically their claim is that we need to make them less safe in order for the unions to drive them. This is not about safety.

**Ms ABIGAIL BOYD:** I recommend, Treasurer, that you read the transcript of when we asked—

**Mr MATT KEAN:** This is all about politics.

**Ms ABIGAIL BOYD:** —the Transport officials about this point. Safety in their eyes was a relative concept. What the unions were asking for was agreed to in that last budget estimates session as making these trains more safe. So let's not get into arguments about—

**Mr MATT KEAN:** Ms Boyd, maybe we should ask the safety regulator, who said that these trains are safe and they're fit for purpose for our track.

**Ms ABIGAIL BOYD:** We've had this discussion in budget estimates in Transport. It's very clear that the unions are asking for safety improvements. They're not asking for things to be ripped out without any actual advance in safety, so that's a nonsense.

**Mr MATT KEAN:** Well, Ms Boyd, if they're asking for safety improvements, why are they demanding we rip out CCTV cameras from the trains? Why are they demanding that we take out sensor technology? Why are they demanding that we put a door on the guard carriage?

**Ms ABIGAIL BOYD:** Because they don't work.

**Mr MATT KEAN:** I mean, that doesn't sound more safe. That sounds like politics that we've been accustomed to from the union movement.

**Ms ABIGAIL BOYD:** We'll come back to it. It just sounds like you're not listening.

**The Hon. DANIEL MOOKHEY:** Treasurer, John Barilaro told me that he texted you and said that he was interested in becoming the senior trade and investment commissioner to New York and that you told him to "go for it". Did you give him good advice?

**Mr MATT KEAN:** I received a text from John Barilaro. I texted back something supportive. And I didn't give it a second thought. I mean, I got lots of strange and wacky requests from John Barilaro. He texted me that he wanted to build nuclear power plants all over the State. He texted me that he wanted to go to the Federal Parliament. He texted me that he wanted to take The Nationals out of the Government. He texted me that he wanted to kill koalas—probably that one was quite believable. But he texted me—

**The Hon. DANIEL MOOKHEY:** Sorry, did he text you saying he wants to kill koalas?

**Mr MATT KEAN:** Well, no, he didn't text me. I'm just talking in jest.

**The Hon. DANIEL MOOKHEY:** Sorry, Treasurer, you just said in an estimates hearing that the former Deputy Premier texted you—

**Mr MATT KEAN:** My point is that John Barilaro—

**The Hon. DANIEL MOOKHEY:** —and said he wants to kill koalas?

**Mr MATT KEAN:** —made lots of outlandish claims that weren't genuine. And this was no different.

**The Hon. DANIEL MOOKHEY:** When did he text you saying he wants to kill koalas?

**Mr MATT KEAN:** Well, I don't think he did. I'm just making the point that John Barilaro had all kinds of weird and wonderful ideas that I just dismissed. I never thought they'd happen.

**The Hon. DANIEL MOOKHEY:** Perhaps rather than you peddling fiction, you can just answer questions.

**Mr MATT KEAN:** I'm trying to answer the question, Mr Mookhey.

**The Hon. DANIEL MOOKHEY:** When, Treasurer, did he text you saying that he wants to go to New York?

**Mr MATT KEAN:** I think I recall him texting me around December at some stage. Again, John Barilaro sent me a text. I sent back something supportive.

**The Hon. DANIEL MOOKHEY:** A lot turns on it, Treasurer. Search your memory. A lot turns on it.

**Mr MATT KEAN:** I didn't think he was genuine and I never heard from him again.

**The Hon. DANIEL MOOKHEY:** Did he text you before the job was publicly advertised, or afterwards? Maybe if you tell me the date I can help you there. Do you know when he did that?

**Mr MATT KEAN:** Mr Barilaro had all kinds of wonderful ideas from time to time. As I said, he wanted to build nuclear power plants; he wanted to pull The Nationals out of the Coalition; he wanted to go to the Federal Parliament. It doesn't mean that anyone took him seriously, Mr Mookhey.

**The Hon. DANIEL MOOKHEY:** Treasurer, did he text you at a time before the job was publicly advertised? Treasurer, you're leaving the impression that you were having a conversation with him prior to the job being advertised, which would give rise to the impression that you were giving him inside information.

**Mr MATT KEAN:** Mr Mookhey, you are—

**The Hon. DANIEL MOOKHEY:** Treasurer, I'm asking you for your own sake to clarify this. Can you please explain?

**Mr MATT KEAN:** You're entitled to your own opinions; you're not entitled to your own facts, Mr Mookhey.

**The Hon. DANIEL MOOKHEY:** When did you get the text message?

**Mr MATT KEAN:** Mr Barilaro texted me; I texted back. Mr Barilaro had all kinds of weird and wacky ideas, Mr Mookhey.

**The Hon. PENNY SHARPE:** When was that, Treasurer? When did you receive the text?

**The Hon. DANIEL MOOKHEY:** Treasurer, you said—

**Mr MATT KEAN:** I'm trying to answer Mr—

**The Hon. PENNY SHARPE:** When did you receive the text?

**Mr MATT KEAN:** Who am I answering the question to?

**The Hon. DANIEL MOOKHEY:** Both.

**The Hon. PENNY SHARPE:** Both. We work very well together; it's fine.

**The Hon. SCOTT FARLOW:** The new tag team.

**Mr MATT KEAN:** I think I mentioned that I received it at some stage during December.

**The Hon. PENNY SHARPE:** Early December?

**Mr MATT KEAN:** But my point is that he texted all kinds of weird and wonderful ideas, Mr Mookhey.

**The Hon. PENNY SHARPE:** It's quite important.

**Mr MATT KEAN:** It doesn't mean that I take them seriously. I get lots of text messages from Labor MPs that talk to me about your leader, the Leader of the Opposition. If I believed those texts, we'd be watching a different inquiry down at ICAC today, rather than the one we're here doing.

**The Hon. DANIEL MOOKHEY:** Treasurer, a lot turns on this. You're leaving the impression that you were having conversations with John Barilaro prior to the job being advertised. I'm giving you a clear opportunity to clarify that by explaining precisely when you got this text message.

**Mr MATT KEAN:** Mr Mookhey, I've answered the question.

**The Hon. DANIEL MOOKHEY:** The job was advertised in late December. If you were having conversations with John Barilaro before that then it's quite clear that he was accessing senior leaders of the Government before it was publicly advertised. Let me give you a third opportunity to clarify: When, precisely, were you texting Mr Barilaro about the New York job?

**Mr MATT KEAN:** Mr Mookhey, I said at some stage during December. I can't be sure when that was but, as I said, I receive lots of weird and wacky texts from John Barilaro with his weird and wacky ideas.

**The Hon. PENNY SHARPE:** Do you think maybe you could go and look and come back later in the hearing to clarify this? It's quite important.

**Mr MATT KEAN:** I receive lots of texts from people, including Labor MPs, that talk to me about your leader, Chris Minns, and some of the activities that he's been up to, Ms Sharpe.

**The Hon. PENNY SHARPE:** Point of order—

**Mr MATT KEAN:** It doesn't mean I believe them all. If I did, I'd probably be tuning into ICAC.

**The ACTING CHAIR:** A point of order has been taken.

**The Hon. PENNY SHARPE:** I know the Treasurer thinks he's very clever, but we actually should know the rules. As a senior member—in fact, Deputy Leader of the Liberal Party—you should be very aware that these hearings are not opportunities for you to use parliamentary privilege to attack people when they're not even relevant to the question, and that you should be answering the questions that you were asked very politely by Mr Mookhey. Question, answer.

**The ACTING CHAIR:** I uphold the point of order.

**The Hon. DANIEL MOOKHEY:** Thank you. I appreciate you saying you can't recall precisely when you got the text message. Did you have any discussions with Mr Barilaro about the New York job while he was an applicant for the role?

**Mr MATT KEAN:** Mr Mookhey, I've told you exactly the interaction I had with Mr Barilaro. It was a text; I responded with something supportive. I didn't give it a second thought, and I didn't hear from him again about it. Mr Barilaro had all kinds of strange ideas from time to time, Mr Mookhey. But do I believe Mr Barilaro when he says things? Usually. Do I believe people when they text me things? Not always, including the Labor MPs. You've made promises that I can't believe. You wanted to set up a parliamentary budget office; that was the most important thing that you had going for you. You were going to introduce urgent legislation; that was months ago. Where is it, Mr Mookhey? We're still waiting for your urgent legislation.

**The Hon. DANIEL MOOKHEY:** Were you ever offered—

**Mr MATT KEAN:** Was it a lie? Was it a media trick? Was it incompetence? I don't know.

**The ACTING CHAIR:** Order!

**Mr MATT KEAN:** People make promises; it doesn't mean that they follow through on them, Mr Mookhey.

**The Hon. DANIEL MOOKHEY:** Did Investment NSW offer you the opportunity to meet with Mr Barilaro after he became their preferred candidate for the New York position?

**Mr MATT KEAN:** I've told you the only interaction I had with Mr Barilaro on this topic.

**The Hon. DANIEL MOOKHEY:** That wasn't the question.

**The Hon. PENNY SHARPE:** That's not the question.

**The Hon. DANIEL MOOKHEY:** Treasurer, that's not the question. Just listen carefully to the question.

**The Hon. PENNY SHARPE:** Listen to the question.

**The Hon. DANIEL MOOKHEY:** The question was: Did Investment NSW offer you the opportunity to meet with John Barilaro after he became the preferred candidate for the New York job?

**Mr MATT KEAN:** No, I have no recollection of any such preparations.

**The Hon. DANIEL MOOKHEY:** Thank you. Treasurer, did Stuart Ayres ever discuss with you the potential appointment of Mr Barilaro to the STIC America position?

**Mr MATT KEAN:** No.

**The Hon. DANIEL MOOKHEY:** Did you ever discuss Mr Barilaro as a potential appointment with the Premier?

**Mr MATT KEAN:** No.

**The Hon. DANIEL MOOKHEY:** Your predecessor as Deputy Leader of the Liberal Party, Mr Ayres, told Graeme Head that on 8 November 2021, the senior leaders of the Government decided to cancel an earlier decision to turn the STIC positions into ministerial appointments.

**Mr MATT KEAN:** Can you repeat that question, sorry?

**The Hon. DANIEL MOOKHEY:** Yes. Your predecessor as Deputy Leader of the Liberal Party, Stuart Ayres, told Graeme Head that on 8 November 2021, the senior leaders of the Government collectively decided to cancel the earlier decision to turn these STIC positions into a ministerial appointment. There is no record of such



a discussion. Do you recall agreeing with the other senior leaders of the Government to cancel the decision to convert the STIC positions to ministerial appointments?

**Mr MATT KEAN:** Mr Mookhey, I'm not going to go into Government processes. You know how cabinets work; you know how these bodies work. You're asking me questions that you know the answers to, Mr Mookhey.

**The Hon. DANIEL MOOKHEY:** Treasurer, I appreciate that, but this exchange—

**Mr MATT KEAN:** You know how Cabinet works. You know how the various bodies of the Cabinet work.

**The Hon. DANIEL MOOKHEY:** Treasurer I appreciate your position. It's not clear that this was a Cabinet discussion; that's the reason I'm asking you the question.

**Mr MATT KEAN:** But I'm not going to go into Government processes, Mr Mookhey. You know that.

**The Hon. DANIEL MOOKHEY:** We have a review from Graeme Head that he himself has published that says that, according to Stuart Ayres, there was a decision made on 8 November to cancel the decision to convert it to ministerial appointments and that that was agreed to by the senior leaders of the Government, which I presume includes you.

**Mr MATT KEAN:** Decisions of the Government go through the proper process. We've got a Cabinet. Those discussions are confidential.

**The Hon. PENNY SHARPE:** Wait.

**The Hon. DANIEL MOOKHEY:** Just let me ask the question. Do you recall any discussion whatsoever amongst the senior leaders of the Government to cancel the earlier decision to convert these into ministerial appointments?

**Mr MATT KEAN:** Let me be very clear: Decisions of the Government go through a proper process. That's the Cabinet, and I'm not going to sit here and talk about Cabinet processes. If you've got questions about these things then you can direct them to Mr Ayres.

**The Hon. DANIEL MOOKHEY:** He's no longer in a position where we can, Treasurer.

**Mr MATT KEAN:** Well, you've got a very powerful Committee. You've been using that to make all kinds of assertions and claims now that you're the Labor Party's muckraker in chief. I think that you've got all the means that you need to be able to compel witnesses to give evidence. I know you're going on your little fishing exercise here today. But the fishing exercise that we all want to know, including the public, is: When are you going to apologise to the people of New South Wales for the inconvenience you're causing them through your year of the strike, which we're seeing today again being waged on the commuters of this State?

**The ACTING CHAIR:** Order! I remind you that you must remain directly relevant to the question in your answer—or come up with a new line; that would help.

**The Hon. DANIEL MOOKHEY:** Thank you, Acting Chair. Treasurer, I'm going to assume—

**Mr MATT KEAN:** If I got an answer, I could come up with a new line.

**The Hon. DANIEL MOOKHEY:** I'm disappointed you're making light of a matter that's so serious, but I'll move on. Amy Brown has told us that Stuart Ayres notified the Government's most senior leaders in May that Mr Barilaro was to be the State's first STIC appointment to America and that she only managed to proceed with the appointment because she effectively had the concurrence of the senior most leaders of the Government to the appointment. Do you remember Stuart Ayres informing you or the other senior leaders of the Government that Mr Barilaro was person for the job?

**Mr MATT KEAN:** I've answered the question.

**The Hon. DANIEL MOOKHEY:** No, you haven't.

**Mr MATT KEAN:** I have answered the question.

**The Hon. DANIEL MOOKHEY:** I will ask you again. We're now in May this year. It's not that long ago, Treasurer. Do you recall Stuart Ayres notifying the senior most leaders of the Government that John Barilaro was the preferred pick for the STIC America position?

**Mr MATT KEAN:** I've answered the question very clearly. Governments have processes through which they make decisions. Those processes are well known, and that's exactly how decisions are made.

**The Hon. DANIEL MOOKHEY:** Treasurer, then you're leaving the impression that you were notified.

**Mr MATT KEAN:** No, you're creating that impression because you're trying to create misinformation and untruths. This is Trumpian, Mr Mookhey.

**The Hon. DANIEL MOOKHEY:** Treasurer, I'm giving you ample opportunity to answer questions.

**Mr MATT KEAN:** This is Trumpian—you using false facts, pushing alternative facts out here, as part of your muckraking game that you've been playing for months now. I've answered the question.

**Ms ABIGAIL BOYD:** It's hard when there's so much muck to rake.

**Mr MATT KEAN:** We have Cabinet that goes through a process for Government decisions, and I'm not going to talk about Cabinet decisions.

**The Hon. DANIEL MOOKHEY:** Treasurer, Mr Ayres has apparently given the senior most leaders of the Government two opportunities to object to John Barilaro's appointment. You are clearly leaving the impression that you were given that opportunity and you didn't take it.

**Mr MATT KEAN:** I'm not leaving that. Stop gaslighting this Committee, Mr Mookhey. Stop gaslighting me here, Mr Mookhey.

**The Hon. DANIEL MOOKHEY:** Treasurer, just allow me to ask the question, and you can reply at length. I'm going to ask you this—

**Mr MATT KEAN:** If you want to ask respectful questions then I'll give you respectful answers. You are putting words—you are framing this disrespectfully and disingenuously. You know that.

**The Hon. DANIEL MOOKHEY:** I'm giving you the opportunity to distance yourself from this appointment. You're failing to take it.

**Mr MATT KEAN:** Well, ask a question instead of your inflammatory language designed just to get a TV grab here tonight, because you're not interested in policy; you're just interested in the politics, as always.

**The Hon. PENNY SHARPE:** You'd never do that, Treasurer.

**Mr MATT KEAN:** As always—no policies, all politics. It's disgraceful.

**The Hon. DANIEL MOOKHEY:** Treasurer, I'm going to give you a fourth opportunity to answer these questions.

**Mr MATT KEAN:** And I've answered the question.

**The Hon. DANIEL MOOKHEY:** Do you recall any discussion with Stuart Ayres and the senior leaders of the Government in which he notified you?

**Mr MATT KEAN:** I've been very clear I'm not going to go into Cabinet processes, Mr Mookhey. You know how Cabinet works.

**The Hon. DANIEL MOOKHEY:** How many times have you met with the Agent General to the United Kingdom?

**Mr MATT KEAN:** None.

**The Hon. DANIEL MOOKHEY:** How many times has the agent general sought to meet with your office?

**Mr MATT KEAN:** I'm not aware.

**The Hon. DANIEL MOOKHEY:** Has the agent general ever asked you to attend a trade delegation and you've refused?

**Mr MATT KEAN:** I'm not aware of such a request but requests come into my office all the time—

**The Hon. PENNY SHARPE:** You can take it on notice. Are you going to take—

**Mr MATT KEAN:** No, I'm not going to take it on notice.

**The Hon. PENNY SHARPE:** —it on notice, if you don't know? So you're not going to answer the question?

**Mr MATT KEAN:** I am answering the question, Ms Sharpe, if you give me the—

**The Hon. PENNY SHARPE:** No, you're not. You're saying you don't know.

**Mr MATT KEAN:** I'm trying to answer the question. Do you want me to answer the question?

**The Hon. DANIEL MOOKHEY:** Treasurer, has the agent general—

**The Hon. PENNY SHARPE:** I'd like you to be relevant and answer the question.

**Mr MATT KEAN:** If you keep talking over me, I can't answer the question.

**The Hon. PENNY SHARPE:** It's very hard.

**Mr MATT KEAN:** I'm just saying that lots of people make requests for my office. We have a process. I have a diary secretary and I have senior advisers. We disclose all the meetings that I have, unlike you, Ms Sharpe, who still doesn't disclose your diaries publicly. When are you going to disclose all of the meetings you have had with Alex Claassens?

**The Hon. PENNY SHARPE:** Have you refused to meet—

**Mr MATT KEAN:** When are you going to disclose—

**The Hon. PENNY SHARPE:** —with the agent general?

**Mr MATT KEAN:** —all of the meetings you've had with Mark Morey about the year of the strike? My meetings are all publicly available. They're there for everyone to see. We are fully transparent with how we run our office and the meetings we have with stakeholders. I wish that Labor would do likewise.

**The Hon. DANIEL MOOKHEY:** Is there a problem with the agent general?

**Mr MATT KEAN:** I am the Treasurer. I am also the Minister for Energy. These are not in my portfolio areas, and you've got plenty of opportunities—you've got two weeks of budget estimates to—

**The Hon. DANIEL MOOKHEY:** I'm looking forward to it.

**Mr MATT KEAN:** —make all kinds of inquiries to all kinds of Ministers, but these are not in my areas of portfolio responsibility—

**The Hon. DANIEL MOOKHEY:** Has the Premier ever—

**Mr MATT KEAN:** —and you know that, Mr Mookhey. You're just playing games here, trying to get a headline up. You're all interested in the political theatre. When are you going to apologise to the people of New South Wales for the inconvenience you caused them on the rail network this morning, Mr Mookhey?

**The Hon. DANIEL MOOKHEY:** Treasurer, has the Premier—

**Mr MATT KEAN:** Do you condone Mr Claassens cancelling—

**The Hon. PENNY SHARPE:** Point of order—

**Mr MATT KEAN:** —over 37 trains this morning and leaving people stranded—

**The ACTING CHAIR:** Order!

**Mr MATT KEAN:** —from Campbelltown to Hornsby?

**The Hon. PENNY SHARPE:** Point of order—

**Mr MATT KEAN:** It's disgraceful.

**The ACTING CHAIR:** What is the point of order?

**The Hon. PENNY SHARPE:** The Treasurer continues to flout your ruling, Chair. He needs to be directly relevant to the questions being asked. He has already got his grabs for the morning. It would be great if he would actually address the issues which he's being asked about by Mr Mookhey.

**The ACTING CHAIR:** I uphold the point of order.

**The Hon. DANIEL MOOKHEY:** Treasurer, has the Premier ever sought your advice about dealing with a problem with the agent general to London?

**Mr MATT KEAN:** Can you repeat the question, sorry?

**The Hon. DANIEL MOOKHEY:** Has the Treasurer ever sought any advice from you about a problem with the—

**Mr MATT KEAN:** I'm the Treasurer.

**The Hon. DANIEL MOOKHEY:** Yes, sorry.

**Mr MATT KEAN:** Have I sought advice from me—

**The Hon. PENNY SHARPE:** Here we go.

**Mr MATT KEAN:** —about the agent general? No. I categorically rule that out today, Mr Mookhey. Did you get your grab up?

**The Hon. DANIEL MOOKHEY:** That's the most direct answer you've—

**Mr MATT KEAN:** Did the TVs get that for tonight? This is all theatre.

**The Hon. DANIEL MOOKHEY:** That's the most direct answer you've given.

**Mr MATT KEAN:** This is all theatre.

**The Hon. DANIEL MOOKHEY:** That's the most direct answer—

**Mr MATT KEAN:** You're not interested in policy. I have just handed out a budget. I haven't had a single question from you today—

**The Hon. PENNY SHARPE:** Point of order—

**Mr MATT KEAN:** —about the budget.

**The Hon. PENNY SHARPE:** Except for debt and spending.

**Mr MATT KEAN:** This is how interested you are in policy—

**The Hon. PENNY SHARPE:** Point of order—

**Mr MATT KEAN:** —Mr Mookhey.

**The ACTING CHAIR:** Order!

**Mr MATT KEAN:** This is how interested you are in public policy.

**The Hon. PENNY SHARPE:** Point of order—

**The ACTING CHAIR:** Treasurer, please—

**Mr MATT KEAN:** You're all about politics and not about policy, Mr Mookhey.

**The ACTING CHAIR:** Order!

**The Hon. PENNY SHARPE:** Can you stop speaking over members of the Committee?

**The ACTING CHAIR:** Order! I draw your attention to the fact that the opening questions did relate to the budget and budget deficit and debt. You need to remain directly relevant, Minister.

**The Hon. PENNY SHARPE:** And not mislead the Committee.

**The Hon. DANIEL MOOKHEY:** Treasurer, has the Premier ever sought advice from you about a problem with the agent general and his performance?

**Mr MATT KEAN:** No.

**The Hon. DANIEL MOOKHEY:** Has the Premier ever had a conversation with you about replacing the agent general to London?

**Mr MATT KEAN:** Not that I'm aware of, no.

**The Hon. DANIEL MOOKHEY:** You're not aware of any conversation with the Premier about that?

**Mr MATT KEAN:** No.

**The Hon. DANIEL MOOKHEY:** Has the Premier ever had a conversation with you about replacing Mr Cartwright with a member of your government?

**Mr MATT KEAN:** No, not that I'm aware of. Mr Mookhey, have you ever had a conversation with Alex Claassens about the inconvenience you've caused rail commuters this morning? Have you had a conversation—

**The Hon. PENNY SHARPE:** Point of order—

**Mr MATT KEAN:** —with Mark Morey about the inconvenience you're causing for the—

**The ACTING CHAIR:** Order!

**The Hon. PENNY SHARPE:** Point of order—

**Mr MATT KEAN:** —citizens of this State through the year of the strike? That's what—

**The ACTING CHAIR:** Order!

**The Hon. PENNY SHARPE:** Point of order—

**Mr MATT KEAN:** —this Committee needs to know.

**The Hon. PENNY SHARPE:** At some point the Treasurer is going to stop interrupting and actually allow the Committee to do its work. He is now flouting your ruling. It's the same point: direct relevance. Can the Treasurer please be drawn back to the question and answer the question that Mr Mookhey is asking?

**The ACTING CHAIR:** I would draw the Treasurer back to the need to be directly relevant. I uphold the point of order.

**The Hon. DANIEL MOOKHEY:** Treasurer, given the scandal that plagues these roles—

**Mr MATT KEAN:** This language is ridiculous. This is ridiculous. This is all theatre. This is just a stunt for you today, Mr Mookhey.

**The Hon. DANIEL MOOKHEY:** Treasurer, will you be abolishing these jobs?

**Mr MATT KEAN:** Mr Mookhey, I'm the Treasurer of New South Wales. I'm also the energy Minister. If you want to ask questions related to my portfolio, you are welcome to do so. Clearly—

**The Hon. DANIEL MOOKHEY:** You fund these jobs.

**Mr MATT KEAN:** —your only interest is—

**The Hon. DANIEL MOOKHEY:** You fund these jobs.

**Mr MATT KEAN:** —getting on the news tonight with your muckraking and misinformation.

**The Hon. DANIEL MOOKHEY:** Can you at least explain to me, given that—

**Mr MATT KEAN:** Where did you learn these terrible tactics? Is this from your predecessor Walt Secord? I hope this is not the only advice—

**The Hon. PENNY SHARPE:** Point of order—

**Mr MATT KEAN:** —you've taken from Walt Secord.

**The ACTING CHAIR:** Order!

**The Hon. PENNY SHARPE:** Point of order: The Treasurer can either take this seriously or he cannot. He is clearly not taking it seriously. The important thing is that there are questions being asked that are within his portfolio and are within the standing orders. He is choosing to answer in a way that is outside the standing orders. It is frankly getting boring. I ask you to bring him back to the question and to stop making a mockery of this hearing.

**The ACTING CHAIR:** I draw the Treasurer back. I uphold the point of order.

**The Hon. DANIEL MOOKHEY:** Treasurer, your budget has signed off on approximately \$128 million for this Global NSW strategy—

**Mr MATT KEAN:** Thank goodness we're talking about the budget.

**The Hon. DANIEL MOOKHEY:** It is \$128 million in the budget for this Global NSW strategy. Can you at least explain to me, what is the benefit that taxpayers get from paying an agent general in London \$600,000 per year and paying a New York trade commissioner \$487,000 per year plus a \$11,000 cost-of-living allowance? Given that you've signed off on this \$128 million, can you at least explain what the benefit to taxpayers is?

**Mr MATT KEAN:** What I can explain is the benefit to taxpayers of our brilliant budget that we've handed down this year, Mr Mookhey. It is a budget that invests in universal pre-kindergarten—billions of dollars to ensure that our kids—

**The Hon. PENNY SHARPE:** Point of order—

**Mr MATT KEAN:** —not only are able to fulfil their dreams but dream bigger in the first place.

**The ACTING CHAIR:** Order!

**The Hon. PENNY SHARPE:** I'm sorry, Mr Chair, to do this to you—

**Mr MATT KEAN:** I'm very happy to talk about—

**The Hon. PENNY SHARPE:** —but, given that the Treasurer doesn't seem to understand your rulings—he was asked about the role of trade commissioners and the benefit they bring to the State. He was not asked to spruik his budget, which he has an opportunity to do in the last 15 minutes of this hearing, as agreed by the Committee.

**The ACTING CHAIR:** I uphold the point of order.

**The Hon. DANIEL MOOKHEY:** Treasurer, can you at least nominate one benefit from the \$128 million that we're spending on these senior trade commissioner roles?

**Mr MATT KEAN:** Let me just say that this Government is focused on things that are going to create jobs, drive investment and improve the prosperity for every single citizen in this State. There were a range of measures in this budget that do exactly that, and I am very happy to talk about how we're creating jobs. There's a significant amount of investment that comes into New South Wales from overseas, and we need to be harnessing that investment to create new jobs, create new opportunities and create new investments into this State. We'll always look at things that are going to set this State up for a brighter and more prosperous future. That's what I'll do as the Treasurer, unlike the Labor Party, which has no policies and no plans other than the year of the strike, Mr Mookhey, which I hope you're going to apologise to the public today—

**The Hon. PENNY SHARPE:** Point of order—

**Mr MATT KEAN:** —for the inconvenience you've caused.

**Ms ABIGAIL BOYD:** Apologise for making them have to strike.

**The Hon. PENNY SHARPE:** We can do this all day, that's fine. The point of order is very straightforward, which is that the Treasurer is not being directly relevant to the questions asked. We'd ask him to come back to the question.

**The ACTING CHAIR:** I uphold the point of order.

**The Hon. DANIEL MOOKHEY:** Treasurer, let's talk about your proposed land tax. This is a policy that was not presented to the people of New South Wales at the last election. Instead of trying to rush it through Parliament in September, will you instead take it to an election in March?

**Mr MATT KEAN:** We're going to ensure that we give first home owners choice. We're going to ensure that we're giving first home owners the choice that's in their financial interests, whether they choose to pay a high up-front stamp duty or a small annual fee, Mr Mookhey.

**The Hon. DANIEL MOOKHEY:** Treasurer, why won't you then take—

**Mr MATT KEAN:** We want to help first home owners get into the market.

**The Hon. DANIEL MOOKHEY:** Why won't you take it to an election and get a mandate for the policy rather than trying to rush it through the Parliament?

**Mr MATT KEAN:** Mr Mookhey, we will go to the election with our clear choice to make it as easy as possible for first home owners to get into the housing market, because we know housing is the pathway to wealth in New South Wales. Where is the Labor Party's policy to support first home owners?

**The Hon. DANIEL MOOKHEY:** The budget papers—

**Mr MATT KEAN:** We haven't seen a single policy, Mr Mookhey.

**The Hon. DANIEL MOOKHEY:** The budget papers—

**Mr MATT KEAN:** Why does the Labor Party want to stop first home owners getting into the market?

**The Hon. DANIEL MOOKHEY:** Treasurer, the budget papers make clear that this new system that you're proposing will apply from January. It is the case that you're going to be implementing this policy without taking it to an election. Given the election is only a few months away, surely you would agree that, for a change like this, you should get a mandate from people rather than trying to rush it through the Parliament. Again, will you hold the legislation back and allow people to have their say in March next year?

**Mr MATT KEAN:** We have made our plans very clear to the public—that we'll be taking to the election. They are plans to give first home owners choice when it comes to their financial interests. We are going to take our plan, which makes it as easy as possible for people to enter the housing market. I don't understand why Chris Minns and the Labor Party are standing in the way of allowing people to buy their first home. This is the same Leader of the Opposition that is currently spending half a million dollars on a renovation of his own home. While he is choosing between marble and mahogany, Mr Mookhey, he is stopping first home owners from having a choice in the first place.

**The Hon. DANIEL MOOKHEY:** Treasurer, at budget time, you said and the Premier said that this new tax will only apply to first home buyers. The Premier has since said that he would like to apply the tax to pensioners as well. Will you be applying the new land tax to pensioners if your Government is re-elected?

**Mr MATT KEAN:** Mr Mookhey, we have set out our plans for first home owners very clearly, and that is to give them a choice to make it as easy as possible for them to enter the housing market. The question is: Will you be making it easier for first home owners to have that choice? Are you voting against first home buyers having the choice as to whether—

**The ACTING CHAIR:** Order! Treasurer, the question related directly to pensioners.

**Mr MATT KEAN:** We have made our plans very clear in the budget and that is what we will be taking to the election.

**The ACTING CHAIR:** What is the answer to the question?

**Mr MATT KEAN:** The answer to the question is our plans are transparent and out there. They are outlined in the budget and they specifically—

**The ACTING CHAIR:** That is not an answer, with due respect, Treasurer. The question is; What will the effect be on pensioners?

**Mr MATT KEAN:** Well, we do not have any plans when it comes to pensioners. What we have is plans to give first home buyers the choice as to whether or not they pay a stamp duty or a low annual fee.

**The Hon. DANIEL MOOKHEY:** Treasurer, the issue now in your answer is that the Premier was quite clear when he made public comment about this. He said that he wants to make sure this land tax eventually applies to everybody. First home buyers now. Then he said pensioners would be the next category of people he would like to have put into the system. Can you guarantee that if you are re-elected in March, you will not be seeking to expand the land tax beyond first home buyers to pensioners?

**Mr MATT KEAN:** Let me be very clear for the third time, Mr Mookhey. Our first home buyer choice policy is about choice for first home buyers, not pensioners. Let many be very clear about that. That is the policy we have in place. We have been very up-front about it in the budget and we are yet to see a policy, a single policy, other than the year of the strike from the Labor Party because it is controlled by its union bosses like Alex Claassens. Is Mr Claassens writing these questions here today? Is Mr Morey sending you these questions via text for you to ask me today? The public deserves to know who is controlling the questioning strategy and the Labor Party's agenda here.

**The Hon. Penny Sharpe:** Point of order: It is the same point of order, which is direct relevance.

**The ACTING CHAIR:** I uphold the point of order.

**The Hon. DANIEL MOOKHEY:** Treasurer, you are pushing this legislation through in September. You are not taking it to March. You said that this would apply to first home buyers, but the Premier has now said he intends to extend it to pensioners. I ask you again: Can you guarantee that if your Government is re-elected in March you will not be seeking to expand the land tax beyond first home buyers to pensioners and other people as well?

**Mr MATT KEAN:** Of course. I have answered this now four times. Our first home owner choice policy relates to first home buyers, not pensioners. I cannot be clearer than that, Mr Mookhey.

**The Hon. DANIEL MOOKHEY:** What guarantee is there that a future government will not hike the rate to deal with, for example, the debt that you have built up?

**The Hon. SCOTT FARLOW:** That is a question for you, is it not?

**Mr MATT KEAN:** Mr Mookhey, now is your chance to come clean with your future policies to whack taxes on pensioners.

**The Hon. DANIEL MOOKHEY:** I am happy to rule out—

**Mr MATT KEAN:** To come clean with your future policies—

**The Hon. DANIEL MOOKHEY:** I am very happy to rule it out.

**Mr MATT KEAN:**—to allow the unions to run the State, Mr Mookhey.

**The Hon. DANIEL MOOKHEY:** Treasurer, this is one opportunity I will take—

**Mr MATT KEAN:** Mr Mookhey, now is the time for you to come clean—

**The Hon. DANIEL MOOKHEY:** I am happy to guarantee that we will not do this.

**Mr MATT KEAN:** —about your policies because we have not seen any of them. Are you going to come clean that you are not going to take any policies to the election?

**The Hon. DANIEL MOOKHEY:** Treasurer, in the legislation—

**Mr MATT KEAN:** Is this the Albo strategy—not a single policy other than PowerPoints on train stations and the year of the strike. That is the Labor Party policy agenda.

**The Hon. DANIEL MOOKHEY:** Treasurer, I am asking you again—

**Mr MATT KEAN:** Chris Minns: no plans, no ideas, no policies; just the year of the strike.

**The Hon. DANIEL MOOKHEY:** Treasurer, this is your policy that I am asking questions about and they are not particularly difficult questions. I ask you again: What guarantee is there that a future government will not simply hike the rate of this tax?

**Mr MATT KEAN:** Because we have made a guarantee about what our plans are to enable first home owners to get into the market. They are outlined in our budget, along with our plans to make it as easy as possible for women to participate in the workforce through our affordable and accessible childcare policies. Just like our plans to ensure that our children are able to get the best start in life through universal pre-kindergarten. We have clearly set out our plans that we intend to take to the election. I will put them up against Labor's shocking plan to shut down the State any day of the week. Bring on the election, so we can compare our plan to grow a more successful, stronger economy for everyone versus your plan of the year of the strike.

**The Hon. DANIEL MOOKHEY:** Treasurer, I just want to ask—

**The Hon. Penny Sharpe:** Point of order—

**Mr MATT KEAN:** When are you going to apologise for shutting down the trains? I have been asking all morning if you are going to apologise for the thousands of commuters that were inconvenienced by you and your boss, Alex Claassens, who is trying to shut down this State for his own political ends.

**The ACTING CHAIR:** Order!

**The Hon. DANIEL MOOKHEY:** Treasurer, I want to ask another question about your policy. You have said that only first home buyers that are in the bottom 80 per cent of the market will get the opportunity to make the choice. How are you intending to calculate the price thresholds to determine the 20 per cent of residential property buyers who will be excluded?

**Mr MATT KEAN:** Let be me very clear, Mr Mookhey. We are always up-front with our policies and our plans. We have outlined them in the budget. We are yet to see a single policy or plan from Chris Minns or the Labor Party. You are the shadow Treasurer. You have been the shadow Treasurer for some time. You have had plenty of time to muckrake. You have had plenty of time to use parliamentary committees for the theatre and the misinformation that you are trying to push—and you are trying to do that here today.

**The Hon. DANIEL MOOKHEY:** Treasurer, do you know how you—

**Mr MATT KEAN:** All that time has been wasted because you have not come up with a single policy, other than allowing Alex Claassens and Mark Morey to write your plan for our economy, which is the year of the strike.

**The Hon. DANIEL MOOKHEY:** Treasurer, do you actually know how your policy will work? Have you looked into and figured out how exactly are you proposing to calculate the threshold whereby the top 20 per cent of residential property buyers will be excluded? It is quite a straightforward question. You have had four years on this policy.

**Mr MATT KEAN:** I am very happy to hand to Joann Wilkie to comment on that.

**The Hon. DANIEL MOOKHEY:** No. We will pick it up with the officials this afternoon, rest assured.



**Mr MATT KEAN:** It is a very technical answer and it deserves a very technical—

**The Hon. PENNY SHARPE:** How about we know about your knowledge. You do not even know it.

**The Hon. DANIEL MOOKHEY:** Treasurer, if you do not—

**Mr MATT KEAN:** Ms Wilkie is very welcome—

**The Hon. DANIEL MOOKHEY:** Sorry Treasurer. Mr Chair—

**The Hon. SCOTT FARLOW:** Point of order—

**Mr MATT KEAN:** If Ms Wilkie would like to illuminate for all those people viewing at home, my mum's very keen on this Mr Mookhey; she is waiting to watch this. Ms Wilkie, would you like to come to the—

**The Hon. DANIEL MOOKHEY:** Point of order: Chair, we will happily hear from Ms Wilkie this afternoon in the official session. This is a question directed to the Treasurer about his policy—

**Mr MATT KEAN:** The fans at home want to hear it now.

**The Hon. DANIEL MOOKHEY:** Given the time, I do not think just because the Treasurer might not be across this detail he can take it on notice and we can pick it up this afternoon.

**Mr MATT KEAN:** This is more of your mistruths—

**The Hon. DANIEL MOOKHEY:** Treasurer, I am taking a point of order with the Chair.

**Mr MATT KEAN:** —and manipulation of reality, your alternative facts—

**The Hon. DANIEL MOOKHEY:** I asked a straightforward question.

**Mr MATT KEAN:** You have asked a technical question.

**The Hon. DANIEL MOOKHEY:** It is not a technical question.

**The Hon. PENNY SHARPE:** This is not the lower House here. You are actually supposed to follow the rules of the Committee again.

**Mr MATT KEAN:** The technical official is here to answer it.

**The ACTING CHAIR:** Order! Mr Mookhey is entitled to direct his question where he wants to and you are entitled to take it on notice and answer it any way you like, but you must remain directly relevant.

**Mr MATT KEAN:** My answer is I would like to get my technical official to answer the question again, Mr Borsak.

**The Hon. DANIEL MOOKHEY:** I will pick it up this afternoon with the officials.

**The Hon. SCOTT FARLOW:** Why did you invite all the bureaucrats here this morning?

**The Hon. DANIEL MOOKHEY:** We did not.

**The Hon. PENNY SHARPE:** You brought them; they are yours.

**Mr MATT KEAN:** Going through all your SO52s instead of wasting their time, Mr Mookhey.

**The Hon. DANIEL MOOKHEY:** I do not wish to be rude to Ms Wilkie at all but we have limited time.

**Mr MATT KEAN:** She is an outstanding public servant, Mr Mookhey, and she is very capable of answering this question.

**The Hon. DANIEL MOOKHEY:** Treasurer, again, a really straightforward question about your policy: How much will property prices fall if your policy is implemented and by when?

**Mr MATT KEAN:** Our policy is to give first home owners choice, to make it as easy as possible for them to enter the housing market. I do not understand why you do not want first home owners to have choice. I do not understand why you and your—

**The ACTING CHAIR:** Order! Your time is up.

**The Hon. DANIEL MOOKHEY:** This is a Dorothy Dixier.

**The ACTING CHAIR:** Mr Mookhey, your time is up.

**Mr MATT KEAN:** You want to deprive people getting into their own homes. Mr Minns is happily spending half a million dollars on a renovation of his own home—mahogany or marble—

**The Hon. DANIEL MOOKHEY:** Can you tell us how much property prices will fall?

**Mr MATT KEAN:** —whereas he wants to deprive first home owners of that same choice. It is terrible.

**The ACTING CHAIR:** Order! Don't encourage him.

**Ms ABIGAIL BOYD:** Treasurer, will you apologise to the people of New South Wales for the disruptions that have been caused by rail workers having no choice but to take action in order to get some sort of movement from your Government when it comes to pay and conditions?

**Mr MATT KEAN:** The people that should be apologising to the public of New South Wales are Alex Claassens and the union movement that are shutting down the rail network, inconveniencing thousands of commuters this morning, because they are busily running a campaign to cause industrial chaos at the behest of their boss, Mark Morey, who said that this will be the year of the strike—

**Ms ABIGAIL BOYD:** It doesn't sound like you understand how a union works.

**Mr MATT KEAN:** —aided and abetted by the Labor Party, and here The Greens are supporting it. I'm very disappointed, Ms Boyd.

**Ms ABIGAIL BOYD:** We always support collective action in order to try and enforce basic rights.

**Mr MATT KEAN:** Basic rights to make trains less safe?

**Ms ABIGAIL BOYD:** We have a situation here where your Government has conflated a safety issue, an actual issue that could put people at harm—you have conflated that issue and a request by the unions and the experts who actually drive the trains and service the trains, with an issue about pay and conditions. You've tried to put them together in the public eye, and now you're trying to say that this is somehow not your responsibility.

**Mr MATT KEAN:** That's not true.

**Ms ABIGAIL BOYD:** There are two parties involved here. The Government is one of them. You have not provided a satisfactory offer to the unions. They've had no choice but to strike. So will you apologise to the people of New South Wales for forcing them to that position?

**Mr MATT KEAN:** That's just not true, Ms Boyd. The negotiations around pay are separate to the negotiations around the safety of the new inner-city fleet trains. Mr Claassens—

**Ms ABIGAIL BOYD:** You're saying that there has not been an offer made to the unions that is contingent, saying, "Yes, the Government will go and fix these safety issues, but only if you accept this pay offer." You're saying that they have not been conflated.

**Mr MATT KEAN:** No, what I'm saying is that it was the union movement that are keeping over \$2 billion worth of rail stock—

**Ms ABIGAIL BOYD:** No, please answer my question.

**Mr MATT KEAN:** —in mothballs up on the Central Coast, because they are saying that we've got to rip out CCTV cameras, take out sensor technology and make them less safe.

**Ms ABIGAIL BOYD:** My question, Treasurer, is did your Government tell the unions that they would only receive the safety improvements if they accepted a certain pay offer?

**Mr MATT KEAN:** What the Government has always said is that we will put the public of New South Wales first. We will put the taxpayers of New South Wales first.

**Ms ABIGAIL BOYD:** That's not an answer to my question though, is it, Treasurer?

**Mr MATT KEAN:** That's what we're doing, Ms Boyd.

**Ms ABIGAIL BOYD:** That is not an answer to my question. You tried to imply before that you have not conflated these two issues together, but what you're actually doing is holding the unions to ransom by saying, "If you want these safety improvements that will benefit the people of New South Wales, you have to accept a pay offer that you otherwise would not accept." Do you think that that's acceptable, and will you apologise to the people of New South Wales for creating this situation?

**Mr MATT KEAN:** The people who should be apologising to the public of New South Wales are Alex Claassens and the union bosses that are playing games, moving the goalposts, rather than negotiating in good faith.

**Ms ABIGAIL BOYD:** Have you spoken to any union members? Do you understand how unions work? Do you think that the union members are just taking instructions? Do you think that is what's happening?

**Mr MATT KEAN:** Ms Boyd, can I finish my answer?

**Ms ABIGAIL BOYD:** Do you think that these unions actually take strike action lightly?

**Mr MATT KEAN:** I think that the Government should put its pay offer to the members of the union—I absolutely think that—rather than having to go through the union bosses that are holding the travelling public to ransom again today, inconveniencing thousands of people.

**Ms ABIGAIL BOYD:** It must be very inconvenient for the Government when workers get together collectively in order to have a little bit more of a bargaining position against your Government than if you could deal with them individually. I understand that. That is the whole purpose of collective action. Coming back to the question, have you spoken to any rail worker in relation to this dispute to understand what is actually going on here?

**Mr MATT KEAN:** Ms Boyd, I speak to a broad and diverse range of stakeholders. Every day, in my role as the Treasurer—

**Ms ABIGAIL BOYD:** So the answer is no.

**Mr MATT KEAN:** No, Ms Boyd, that's not the answer.

**Ms ABIGAIL BOYD:** Well, please answer the question.

**Mr MATT KEAN:** I'm trying.

**Ms ABIGAIL BOYD:** I don't care about the other stakeholders. I'm asking you if you have spoken to real-life people about their concerns.

**Mr MATT KEAN:** I'm trying to be very respectful, but you keep talking over me before I give answers. I've spoken to the commuters, who have told me that they're sick and tired of union activity inconveniencing them every day of the week.

**Ms ABIGAIL BOYD:** Right.

**Mr MATT KEAN:** I'm very frustrated, and I think the Government's position is that we should put the enterprise bargaining arrangement directly to the members so that they can have their say, rather than having to go through Alex Claassens, who sits on the Labor Party's administrative committee and is playing politics—

**Ms ABIGAIL BOYD:** I will have to speak over you if you just start making these sorts of statements. Will you take the issue of the safety of our trains out of the agreement in relation to pay and conditions? Will you separate these two issues?

**Mr MATT KEAN:** Ms Boyd, I'm not the industrial relations Minister. You have got Minister Tudehope.

**Ms ABIGAIL BOYD:** You seem to be very involved in this issue. You have been making statements all over the place.

**Mr MATT KEAN:** Could I answer the question?

**Ms ABIGAIL BOYD:** You may answer the question.

**Mr MATT KEAN:** I'm very happy to answer the question. The trains are perfectly safe. The safety regulator has made that very clear.

**Ms ABIGAIL BOYD:** Again, go back and read the budget estimates—

**Mr MATT KEAN:** The request of the union is that we spend a billion dollars to rip out CCTV cameras, to take out sensor technology—

**Ms ABIGAIL BOYD:** No. Again, read the budget estimates with the actual experts from the transport department—

**Mr MATT KEAN:** —to install doors on the guard carriage so that the guard can stick their head out the window, even though those guards jobs are a guarantee.

**Ms ABIGAIL BOYD:** —who are very clear that those trains are not as safe as they can be. If you understand anything about the train safety, and please do look at the budget estimates from the last Transport round, it was very clear that this is a relative concept. We have trains that have met a particular level of safety, but they are not the safest that they can be and they are not at a level that is acceptable to the unions. That is why train drivers and other experts are telling you what needs to happen in order to make these trains safe. You have taken that issue and you have now made that issue something that the pay and conditions are connected to. Do you understand why people in New South Wales would be blaming the Government for disruptions and not the rail workers?

**Mr MATT KEAN:** With respect, I will take the word of the safety regulator over yours on these issues.

**Ms ABIGAIL BOYD:** No. The department officials in Transport for NSW are the ones that have been saying this. Go back and read the budget estimates.

**Mr MATT KEAN:** The safety regulator has said these trains are safe. The union demand is that we rip out CCTV cameras, we rip out sensor technology, we install doors on carriages so the guards can stick their head out the window—

**Ms ABIGAIL BOYD:** No. I'm very disappointed that you are taking this very misleading angle. They are not trying to make them less safe.

**Mr MATT KEAN:** I am trying to answer the question, Ms Boyd.

**Ms ABIGAIL BOYD:** I am going to move you on. Could we talk about the climate adaptation plan that you have failed to deliver for the last six years? I have asked you about this in the last two budget estimates. In 2016 it was announced we would have this plan. In 2017 it was promised. In 2021 we had a scathing report from the Auditor-General, saying how terrible it was that this Government was not prepared adequately for climate disasters and did not have a climate change adaptation plan. Every other State has it. Queensland also announced they would have one in 2016. They put theirs in place in 2017. Now we have a floods report handed down praising the Queensland Government for what they have been doing.

When I asked you about this in November last year, I said to you that without a climate adaptation or readiness plan, we will be playing catch-up when it comes to responding to natural disasters. You agreed with that. But then, when I asked you about it again in February this year, I said:

Would we have been better prepared for the current floods if we had a statewide adaptation plan?

You said:

I do not think so. I think that floods, particularly in northern New South Wales, are a frequent event.

Having now read the flood inquiry report—

**Mr MATT KEAN:** Is that a quote from me?

**Ms ABIGAIL BOYD:** That was a quote from you.

**Mr MATT KEAN:** When was that, sorry?

**Ms ABIGAIL BOYD:** That was Monday 28 February 2022.

**Mr MATT KEAN:** I am not sure of the context of that. You are throwing a quote at me, not necessarily in context. Let me be very clear, I have also been very clear in all my public comments that the extreme weather events that are becoming more frequent and more severe are a direct result of climate change. I've been on the public record for some time—whether it be fires or floods or droughts. So please don't—

**Ms ABIGAIL BOYD:** I will give you the rest of the context.

**Mr MATT KEAN:** —mischaracterise my position on that.

**Ms ABIGAIL BOYD:** I wouldn't. The context is I then said:

This is the worst in well over 100 years.

You responded:

This is a terrible flood. But floods in Lismore are not unusual; that is the reality.

Does that help you with the context?

**Mr MATT KEAN:** Where was that? Was that in budget estimates?

**Ms ABIGAIL BOYD:** Yes, it was.

**Mr MATT KEAN:** Let me be very clear that what we did see was a very unusual flood event impacting the whole Northern Rivers, and these are becoming more usual because of the impacts of climate change. I want to be clear about my position on this, and the Government's position, which is why on 12 June this year I handed down the State's adaptation strategy and backed it in, in the budget, with real money.

**Ms ABIGAIL BOYD:** Okay, but that's a strategy. That's a plan to have a plan. That's not the plan. Your Government promised that we would have the actual plan in 2017. All the other States and Territories did it. You've now announced, with great fanfare, a plan to have a plan. Do you regret New South Wales not having had a plan back in 2017? Wouldn't we have been better prepared for the floods if we had?

**Mr MATT KEAN:** I think we should always be looking at ways that we can do better when it comes to tackling climate change. This Government has one of the most ambitious climate agendas anywhere in the country—any government. It's not a Greens government; it's a Coalition Government that is tackling climate change head on with one of the most ambitious renewable energy policies in the country and, on a per capita basis, in the world. Our net-zero plan, our climate adaptation strategy, our EV strategy—

**Ms ABIGAIL BOYD:** I'm out of time, but I will look to the Chair.

**Mr MATT KEAN:** We are very proud of our record when it comes to tackling climate change and taking advantage of the huge economic opportunities that come with that.

**The ACTING CHAIR:** Thank you, Treasurer. We will move to Mr Field now.

**Mr JUSTIN FIELD:** Good morning, Treasurer. Did you watch *The Project* last night?

**Mr MATT KEAN:** I didn't; I missed it.

**Mr JUSTIN FIELD:** If you did miss it, you would have missed pretty devastating evidence of Forestry Corporation logging old-growth koala habitat on the North Coast. As shareholder Minister, does it concern you that Forestry Corporation is currently logging critical koala habitat?

**Mr MATT KEAN:** Of course the loss of biodiversity concerns me, Mr Field. I think you know my position on these matters. As the shareholder Minister of Forest Corp or as the former environment Minister, this is something that I'm deeply concerned about.

**Mr JUSTIN FIELD:** What are you going to do about it?

**Mr MATT KEAN:** Continue to fight to protect our biodiversity; continue to ensure that we're expanding our national park estate, which is one of the reasons I put more money aside in the budget to expand our national park footprint so that we can protect biodiversity in perpetuity. That's why we're looking at things like supporting investment in things like natural capital to incentivise private landowners to be able to protect biodiversity—

**Mr JUSTIN FIELD:** Why would you put money into private land conservation while the State-owned Forestry Corporation is currently logging critical koala habitat? This is habitat identified for priority conservation by the environment department when you were Minister. That's being logged today.

**Mr MATT KEAN:** Mr Field, obviously I want to see the protection of our biodiversity. Forestry does have a role to play in that—

**Mr JUSTIN FIELD:** That's not obvious, Treasurer, because this is still happening.

**Mr MATT KEAN:** No, can I just make the point that it is a great challenge, balancing the needs of industry with the needs of our environment. You know that only too well, as a great champion for our environment and someone who also cares about rural and regional communities. I found the challenge very hard, and I've always done my best to try to get the balance right.

**Mr JUSTIN FIELD:** How can you credibly claim that the position of the Government is to double the koala population by 2050 whilst the State-owned logging company is currently logging critical koala habitat?

**Mr MATT KEAN:** Because we've got a target in place. We should be aiming to get the best outcomes and we've got a number of policies to do that, including our record investment in preserving koala habitat on private land and also on public land.

**Mr JUSTIN FIELD:** Is logging koala habitat in State-owned public native forests making doubling the koala population easier or harder?

**Mr MATT KEAN:** Logging any koala habitat is going to make it harder to achieve those objectives—which are in the State's interests, in my view—to protect our koalas and our biodiversity. Certainly, as Treasurer, I'll continue to look at ways where we can meet that objective.

**Mr JUSTIN FIELD:** So it would be your preference that we weren't logging koala habitat in New South Wales.

**Mr MATT KEAN:** It's my preference that we protect our biodiversity in sustainable ways.

**Mr JUSTIN FIELD:** As shareholder Minister, does it concern you that Forestry Corporation has been fined over half a million dollars just this year for breaches of environment laws in New South Wales?

**Mr MATT KEAN:** Of course it concerns me.

**Mr JUSTIN FIELD:** What have you done about it?

**Mr MATT KEAN:** But I want to make sure that the independent regulator holds any industry that's damaging our environment to account, whether it be the waste industry or whether it be in forestry.

**Mr JUSTIN FIELD:** But this is a bit different. It's not an industry; it's a State-owned company. Essentially it's breaching the law, and then we're paying ourselves for breach of the law. Meanwhile the koala has nowhere to live.

**Mr MATT KEAN:** We're holding them to account. You know that as the environment Minister I gave the EPA real teeth. I wanted it to be an independent, tough cop on the beat that would act without fear or favour, even when it came to regulating government businesses. That's something I'm tremendously proud of. If governments do the wrong thing, then we want the independent regulator holding them to account. That's what has happened in this scenario.

**Mr JUSTIN FIELD:** But how long does that go on before you say, "Hang on a second, this is systematic. This is just ongoing problems. We've got to go and have a look at this"? You're the shareholder Minister. When you signed the recent statement of corporate intent, did you not go, "Hang on, why have these breaches all of a sudden just massively escalated? What's going on here?"

**Mr MATT KEAN:** Of course we did. What we did was ensure that Forestry Corp had the rules in place. My expectation, as the shareholder Minister, is that the corporation acts in line with the laws that enable them to operate.

**Mr JUSTIN FIELD:** But they're not.

**Mr MATT KEAN:** The regulator is there to enforce those laws, and clearly they're doing that in a robust fashion.

**Mr JUSTIN FIELD:** Earlier this year Forestry Corporation extended the North Coast wood supply agreements—the same agreements that are driving this logging of koala habitat, the ones that were scheduled to end in 2023. They extended them for five years to 2028. What role did you play in those extensions?

**Mr MATT KEAN:** These are operational matters, Mr Field. Obviously, as the shareholder Minister, I sign off on the statement of corporate intent and things like that. But these are operational matters that are probably best directed to the environment Minister.

**Mr JUSTIN FIELD:** I'm trying to understand. A State-owned corporation is signing the Government up to deliver on a contract. There are arguments to be made that they won't be able to deliver on those contracts. They're currently in force majeure at the moment. They have been since the fires. They've actually been unable to deliver in the past, which led us to have to buy quota back. Your officials and you had no role in making a decision as to whether or not these contracts should or could be signed?

**Mr MATT KEAN:** Mr Field, I'm very happy to direct that to the appropriate official. Is that you, Sonya?

**SONYA CAMPBELL:** That is me, Treasurer.

**Mr MATT KEAN:** Sonya, would you like to comment on that?

**SONYA CAMPBELL:** Thank you for your question. As the Treasurer said, matters around logging are operational. The fines that you're referring to relate to historical matters dating back a couple of years.

**Mr JUSTIN FIELD:** I'm sorry, I do understand that with regard to the fines, Ms Campbell. I'm asking about the sign-off on these contract extensions. Did Treasury have any input into those contract extension decisions?

**SONYA CAMPBELL:** No, those are operational matters, and they would have been dealt with through the relevant responsible ministry portfolio.

**Mr JUSTIN FIELD:** So the State-owned corporation can sign off on a contract that puts a liability on them to deliver an outcome and Treasury has no role in checking that, signing off on it, providing advice on it?

**SONYA CAMPBELL:** These are commercial businesses that report to an independent board, and those would be matters that are relevant to the operation of the business within the policy direction that's set with the statement of expectations from government.

**Mr JUSTIN FIELD:** Treasurer, I suggest you have a chat to the board because at the moment it's not delivering any dividends. In fact, it's costing us money. We're throwing good money after bad. In fact, the State is paying this commercial entity to log koala habitat. That seems like a lose-lose situation for the people of New South Wales. Wouldn't you agree?

**Mr MATT KEAN:** There are rules in place through which Forestry Corp is given a licence to operate. I expect Forestry Corp to operate within those rules. If it doesn't, there's a tough, independent cop on the beat—the EPA—that will hold them to account. That's my expectation.

**Mr JUSTIN FIELD:** Treasurer, I want to draw your attention to Chart 10.5 of the budget *Outcomes Statement 2022-23*.

**Mr MATT KEAN:** Could you provide me with a copy?

**Mr JUSTIN FIELD:** It's coming your way. Chart 10.5 is the carbon dioxide equivalent emitted annually in New South Wales. It's all about your delivery of your 50 per cent reduction by 2029-2030. Why is there a dotted line after 2019? Do we not have any actual emissions figures for New South Wales since 2019?

**Mr MATT KEAN:** I might just have to refer that question to Rachel Parry or Kate Wilson. Dr Wilson?

**KATE WILSON:** That represents modelling which is publicly available through the EPA's state of the environment report.

**Mr JUSTIN FIELD:** As of last week, I believe. Yes, it's only very recently gone up there, hasn't it?

**KATE WILSON:** No, it's been there for several months. I couldn't tell you when it was made available, but I know that I personally refer to it quite frequently. That modelling is the modelling for our current policies, which are targeted at 2030. The net-zero plan goes up to 2030. It doesn't include all of—the modelling is constantly being revised. There will be updated modelling released, I think, later this year or early next year, which takes into account new policies. So, for example, the hydrogen strategy is not included in this current modelling that's been released.

**Mr JUSTIN FIELD:** Maybe I'll ask some more questions about that this afternoon. I've got answers to questions on notice which suggested that these assumptions had gone up on 12 July this year. Dr Wilson, if you could, why is there a dotted line after 2019? Why don't we have any more current actual emissions?

**KATE WILSON:** Because that's assuming—I guess that's essentially saying our focus is on up to 2030, which is when we've got certainty around our modelling. I assure you it's very detailed modelling, looking at all of the components of each of the plans and programs under the net-zero plan. After that our assumptions become much less certain, so the dotted line is reflecting that.

**Mr JUSTIN FIELD:** Yes, but it's 2022 and the dotted line starts in 2019. I'm just wondering why we don't have more—

**KATE WILSON:** My apologies, sorry. I thought it started in 2030. I'll have to take that on notice. I can probably answer this afternoon.

**Mr JUSTIN FIELD:** Thank you, Minister, I'll draw your attention to this more recent update on the SEED portal. I think you've been provided this document. I'm sorry, it's very small. I brought it down to one page. Just draw your attention to the 2050 target. Under current New South Wales policies, far from reaching net zero emissions, it shows there that we're only going to get down to 73 million tonnes of carbon dioxide equivalent by 2050. That represents a 55 per cent reduction on 2005 targets. Do you acknowledge that current plans, we're nowhere near getting down to net zero emissions by 2050.

**Mr MATT KEAN:** Yes, I think, as you know, it's easier to reduce emissions in some sectors of the economy rather than others. We know how we're going to decarbonise our electricity system, and we're well on the way to doing that, thanks to the energy road map. We know how we're going to do the transport broadly—so passenger motor vehicles, the move to EVs et cetera, more public transport et cetera. But there are some sections of the economy which we haven't got the technology yet to crack. Agriculture is one such area. We've got a lot of work to do. You know our Net Zero Industry and Innovation plan, which has around a billion dollars on the table to support industry, to support certain sections of the economy to decarbonise. Yes, we're investing in things that

will help those sections of the economy which we haven't worked out a solution yet for. We've got a long way to go.

**Mr JUSTIN FIELD:** We'll come back to this. Thank you, Chair.

**The ACTING CHAIR:** We'll just take a 15-minute break now and be back at quarter past 11. Thank you.

**(Short adjournment)**

**The ACTING CHAIR:** Opposition questions?

**The Hon. DANIEL MOOKHEY:** Welcome back, Treasurer. We were in the process of talking about your proposed new land tax. One question I did want to ask you about this was the stark warning from the Commonwealth Grants Commission, which was to proceed down the pathway that your Government is walking will see the State lose up to \$1.2 billion in GST revenue. What conversations have you had with the Commonwealth Grants Commission to prevent New South Wales from losing \$1.2 billion in GST payments as a result of your decision to implement this tax without a mandate?

**Mr MATT KEAN:** I'd just like to note you still haven't apologised to the commuters of New South Wales who are inconvenienced by the shutdown of the rail network by Alex Claassens, the union bosses, your paymasters. I'm going to keep pushing for the people at home to get an apology out of you, Mr Mookhey, for the conduct of the Labor Party, backing the union bosses in shutting down the train network this morning. I'm going to keep seeking an apology and a commitment from you that you're going to stand up to the union bosses and tell them that this year of the strike has to end.

**The Hon. DANIEL MOOKHEY:** Treasurer, the Commonwealth Grants Commission's warning that New South Wales will lose \$1.2 billion will plunge the State into a structural budget deficit, it doesn't seem like you're aware of that. It doesn't seem like that has attracted any element of urgency from you. So again I'll ask you one more time, given this is your policy. Have you done anything to stop New South Wales losing potentially \$1.2 billion in GST payments as a result of the decision of your Government to implement this land tax without a mandate?

**Mr MATT KEAN:** You just need to say sorry to the commuters inconvenienced this morning, say sorry to the people stuck on Campbelltown station, say sorry to the people watching at home, that couldn't get to work on time or had to work from home—

**The Hon. PENNY SHARPE:** Point of order—

**Mr MATT KEAN:** —because of the industrial chaos caused by your bosses, the union movement.

**The Hon. PENNY SHARPE:** We've been through this all morning. The Treasurer is not being directly relevant to the question that's asked. I ask you to return him to the question that he was asked about the structural deficit of the New South Wales Government. Otherwise we can just move on.

**The Hon. DANIEL MOOKHEY:** We'll just move on, Chair.

**The ACTING CHAIR:** We'll move on but I uphold the point of order.

**The Hon. PENNY SHARPE:** Treasurer, can you confirm that Eraring will close in 2025?

**Mr MATT KEAN:** What I can confirm is that Origin has signalled that they intend to close Eraring in 2025.

**The Hon. PENNY SHARPE:** They've signalled that it's closed, but that's not definite?

**Mr MATT KEAN:** Origin, the owner of that power station, has signalled it will close. Ms Sharpe, can I just note that you've now asked as many questions as tweets you've have put out this morning whilst you've been in the Committee. In fact, you have sent more tweets than you've asked questions.

**The ACTING CHAIR:** Order!

**The Hon. DANIEL MOOKHEY:** We're highly productive.

**Mr MATT KEAN:** So I'm wondering what the union bosses have been saying.

**The Hon. PENNY SHARPE:** We're very good at multitasking, Minister.

**Mr MATT KEAN:** You're spending more time on social media than you are asking questions.

**The Hon. DANIEL MOOKHEY:** It's called multi-factor productivity.



**The Hon. PENNY SHARPE:** I'm interested in the energy mix in this State and what you're actually doing about it. Origin have indicated that Eraring's likely to close in 2025. You don't have any reason to believe that's going to change?

**Mr MATT KEAN:** Origin have said that they are potentially going to close Eraring in 2025. We're planning for the risk that that could happen.

**The Hon. PENNY SHARPE:** Thank you very much. In relation to Bayswater Power Station, they've given an indicative closure date of between 2030 and 2033. Have you or your department spoken to anyone at AGL about potential earlier retirement?

**Mr MATT KEAN:** No. But we speak to participants in the energy market regularly about a range of scenarios. We will continue to do that. But we will keep those discussions in confidence and respect the wishes of market participants.

**The Hon. PENNY SHARPE:** Just to be clear—obviously, there was the issues with the demerger. There's the 2030 to 2033 time frame. You haven't spoken to them about an earlier closure date?

**Mr MATT KEAN:** I think what's pretty clear at the moment is that AGL are still going through some changes within their organisation, their executive leadership team. That's yet to be finalised. I'm not aware of any discussions with AGL about changes in plans, other than those that have been announced publicly.

**The Hon. PENNY SHARPE:** In terms of your modelling for, you know, keeping the lights on in New South Wales, is your department doing any work about possible earlier closure of Bayswater?

**Mr MATT KEAN:** We are obviously reviewing a range of scenarios. We continue to do that. As you know, we've got the energy security target monitor here in New South Wales that reviews whether or not we've got enough capacity in the system to meet peak demand events. We continue to watch that. If there is a forecast shortfall under a range of scenarios, then we have a mechanism to be able to fill that gap through our firming rounds under the Electricity Infrastructure Roadmap.

**The ACTING CHAIR:** Treasurer, what's the plan? You just turned to Mr Hay and nodded. What is the plan to fill the gap? Is it to shut down industry that are big consumers—

**Mr MATT KEAN:** No, not at all.

**The ACTING CHAIR:** —so that households don't suffer the consequences?

**Mr MATT KEAN:** So, Mr Borsak, what we have in place here in New South Wales is an energy security target, which requires us to have enough generating capacity to meet a peak demand event—that's the entire grid working on the hottest day in a one-in-10-year event; so that's all industry as it currently stands—plus two of the largest generators as buffer capacity. If there is a shortfall between that target and the supply in the system, then we will run competitive auctions to get people to build additional capacity. Those competitive auctions look for new generation in the form of a range of technologies, which could include pumped hydro, which could include batteries, which could include gas.

But they're designed to ensure there's enough capacity to meet a peak demand, one-in-10-year weather event with the existing industry. I should note for you, Mr Borsak, that the demand forecasts are ever-changing. We've recently had an update from the Australian market operator, who sees a big increase in demand as a result of the electrification of transport, particularly electric vehicles. That's changing our assumptions. We're doing constant work to see whether or not there's enough dispatchable capacity to meet those future forecasts that we're anticipating.

**The ACTING CHAIR:** What about pricing and spot pricing, if you've got to go on the spot market to buy in the short term?

**Mr MATT KEAN:** What we need to do—

**The ACTING CHAIR:** Forecasts aren't always correct, and there is a time lag in building that capacity too.

**Mr MATT KEAN:** There certainly is. That's why we're looking through the short term to the medium term and we're modelling that. If we forecast a shortfall in capacity on the long-term horizon, then we've got a mechanism to go to the market and ask them to build additional capacity. Effectively, the Electricity Infrastructure Roadmap is our plan to ensure that we build enough capacity to not only keep the lights on but put downward pressure on electricity prices. Mr Borsak, the best way to put downward pressure on electricity prices is to build additional supply. We've got a clear plan to do that. But, obviously, one of the risks in the system is existing generation coming out of the system much earlier than we forecast—

**The ACTING CHAIR:** You're clearly saying that you're not going to ask industry to wind back at times of emergency their usage of power and then have to compensate them afterwards?

**Mr MATT KEAN:** What we want to do is ensure that industry is able to thrive and the best way we can do that is putting downward pressure on electricity bills. Demand management has been part of our management of the electricity system for a very long time, including industry participating in that. That predated my time as the energy Minister. It continues to be one of the policy levers that we have. But our focus is building enough dispatchable supply into the system to meet peak demand events with industry pumping at full tilt.

**The ACTING CHAIR:** But you do agree that demand management that leans heavily on short-term solutions impacts the profitability of manufacturing businesses in New South Wales and hurts them in the longer term?

**Mr MATT KEAN:** Of course, what we want to see is businesses thriving. The best way they can thrive is by having cheap, reliable and clean energy. We've got a plan to do exactly that. Our plan has been endorsed by the big users like Tomago, for example, and like BlueScope. BlueScope, in fact, said that our electricity infrastructure road map will lead to the next industrial revolution right here in New South Wales. Tomago said that our policy settings are exactly what they need to survive and thrive into the future. We need to be designing energy policy based on economics and engineering. That's what we've done. It shouldn't be about ideology and politics. That's what our focus is.

**The ACTING CHAIR:** What about the mix of dispatchable energy? You talked about gas as a potential solution there.

**Mr MATT KEAN:** Yes.

**The ACTING CHAIR:** How is that going to come into the mix as far as the New South Wales Government is concerned?

**Mr MATT KEAN:** What we need to do is ensure that we do have enough dispatchable capacity in the system. As I said, we've got our energy security target, which sets the amount of dispatchable electricity or amount of energy that we have in the system to meet a peak demand weather event—a one-in-10-year peak demand weather event. If we predict a shortfall, then we will go out to the market and ask market participants to provide solutions, which include gas, which include pumped hydro, which could include batteries and which could include a range of solutions. But let me assure you, Mr Chair, our focus is on delivering not only the most reliable electricity anywhere in the world but also the cheapest, and that's exactly what our Electricity Infrastructure Roadmap is designed to do.

**The ACTING CHAIR:** What's your position in relation to fracking for gas in New South Wales?

**Mr MATT KEAN:** Where we can protect groundwater, where we can protect the environment, where we can protect human health, then we should obviously look to take advantage of our natural resources. That's why we supported the opening up of the Narrabri coal seam gas project. We need to see that gas come into the market as soon as possible. We've just had the GSOO handed down by AEMO, which predicts a gas shortfall in the winter of 2023. Narrabri probably won't be online to deal with that, but we've got a range of measures to ensure there's enough gas capacity in the system for when we need it.

**The Hon. PENNY SHARPE:** Mount Piper Power Station is scheduled to close in 2040. As you know, Springvale mine, which supplies most of that—that station is basically going to be closing in 2024. Is it your view that you will be able to keep Mount Piper open as a result of Angus Place West?

**Mr MATT KEAN:** There are obviously some challenges with coal supply to Mount Piper. That's the main risk that I see for the ongoing operation of that facility. That has been exacerbated recently by the heavy rains and also the quality of the coal out of Springvale and also Angus Place. We continue to keep a watching brief—

**The Hon. PENNY SHARPE:** Just to be clear, Angus Place is a proposal. It's not yet approved.

**Mr MATT KEAN:** Angus Place has been operational in the past, in my view, and the proposal is to expand that. I might check with Andrew Lewis, who's our officer looking at these matters. But the major concern with regard to Mount Piper operating until 2040, in addition to the economic considerations of running a coal-fired power station today, is the availability and supply of coal out of those two coal mines.

**The Hon. PENNY SHARPE:** So you're concerned about it?

**Mr MATT KEAN:** Yes.

**The Hon. PENNY SHARPE:** Obviously Snowy 2.0's time frame is now out to 2028. What are you doing to actually factor that into the gap that's emerging?

**Mr MATT KEAN:** It's not confirmed that Snowy will be delayed until 2028. So we are working closely with the Snowy Hydro Corporation to get a clear line of sight as to when that capacity will come into the system. It's about 2,000 megawatts of dispatchable capacity. But, as you'd be aware, Ms Sharpe, there are a number of other initiatives the Government is pursuing. You would have seen in the budget that we've put around \$1.2 billion on the table to speed up the build of transmission infrastructure to unlock capacity from our renewable energy zones and bring them online quicker.

**The Hon. PENNY SHARPE:** Yes, I'd like to get to that, Minister. So the Central-West REZ—

**Mr MATT KEAN:** Could I just add one thing? With the closure of Eraring, one of the solutions we put forward was the SIPS battery, which is a network battery. What that will do is actually free up capacity in the existing transmission network, which means our existing power stations, including Piper, Vales and Bayswater, are able to supply more capacity into the system when we need it.

**The Hon. PENNY SHARPE:** Is that battery going to be on time?

**Mr MATT KEAN:** Yes. That's our intention.

**The Hon. PENNY SHARPE:** I'll ask your officials a bit more this afternoon about this. So that's fine. You're telling me it's going to be up and ready when you need it.

**Mr MATT KEAN:** We're about to go to market for bids. The bids are due to close today, Mr Hay confirmed. We will be making an announcement. As soon as we go through that process, then the successful proponent can get on with building it. We're hoping to have it ready by when, Mr Hay?

**JAMES HAY:** It will be 24 August for some, potentially, as an early start, but the main target is 25 August.

**Mr MATT KEAN:** So in time for the closure of Orion, Mr Hay? And that's 700 megawatts of network capacity.

**The Hon. PENNY SHARPE:** Yes, I'm aware. Thank you.

**JAMES HAY:** That's 900 megawatts of network capacity and 700 megawatts of battery. It frees up 900 megawatts of the network.

**The Hon. PENNY SHARPE:** It's taking a long time to get these online. I want to go to the Central-West REZ. How many projects are actually shovel ready?

**Mr MATT KEAN:** The Central-West REZ—we've been setting up the governance process, we've gone out for expressions of interest and we'll be looking to do our first auction round for the LTESAs in Q4 this year.

**The Hon. PENNY SHARPE:** So you are looking for three gigawatts but at the moment there is zero. Is that correct?

**Mr MATT KEAN:** We've had registrations of interest multiple times. I think it's about 27 gigawatts of capacity. We're after three gigs, Ms Sharpe, so the competitive tension that we'll see there will drive down electricity prices and mean that we can get the best outcomes.

**The Hon. PENNY SHARPE:** That's fine. I'm just asking you what's actually in play. We've just gone through—there's a gap emerging. Everyone's very concerned about it. I'm trying to understand how quickly we're going to have things in place. That's what this is about. The Hunter-Central Coast Renewable Energy Zone registration of interest—I know there was a lot of interest, which was terrific—was closed in February 2022. When are you going to make the declaration for that?

**Mr MATT KEAN:** We are working through that process. I might hand to Mr Hay.

**JAMES HAY:** Sorry, I missed the last—

**The Hon. PENNY SHARPE:** When you are going to make the declaration for the Hunter-Central Coast Renewable Energy Zone.

**JAMES HAY:** It's imminent. Literally imminent.

**The Hon. PENNY SHARPE:** What about South-West Renewable Energy Zone, which closed in November last year?

**JAMES HAY:** Again, the declaration for that is very close. That project, of course, is reliant on the progress of Project EnergyConnect which Transgrid is building.

**The Hon. PENNY SHARPE:** We'll get more into that this afternoon. We'll get into more details. Thank you for that. I wanted to ask you about the Peak Demand Reduction Scheme. How much is the Peak Demand Reduction Scheme estimated to raise from peak demand charges?

**Mr MATT KEAN:** I might throw that to Ms Parry, if that's okay.

**RACHEL PARRY:** Sorry, can I get you to repeat the question please?

**The Hon. PENNY SHARPE:** I want to know how much you're going to raise from the peak demand charges for the Peak Demand Reduction Scheme.

**RACHEL PARRY:** I think it's too early to tell, but what I would like to do, if that's okay, is get the fulsome answer to that question and come back to you this afternoon.

**The Hon. PENNY SHARPE:** Yes, terrific. That's great. I wanted to check, is it correct that the scheme financial vehicle for the infrastructure road map is not yet established?

**Mr MATT KEAN:** That's correct. We're working through that process at the moment.

**The Hon. PENNY SHARPE:** What's the cause of the delay?

**Mr MATT KEAN:** I might hand to Dr Grimes in a moment, but we've asked AEMO to obviously be the governing body and we're working through a number of issues to set it up in the form that satisfies AEMO.

**The Hon. PENNY SHARPE:** Do you have a time frame?

**PAUL GRIMES:** Thank you, Treasurer. The time frame's establishment is not far away.

**The Hon. PENNY SHARPE:** Imminent?

**PAUL GRIMES:** Not far away.

**The Hon. PENNY SHARPE:** I'm using the Minister's words. He likes that.

**PAUL GRIMES:** Fundamentally, under the road map, the consumer trustee, which is AEMO Services Ltd, has the role of appointing the financial trustee, and the financial trustee in turn will establish the scheme financial vehicle. ASL—that's AEMO Services Ltd operating as the consumer trustee—is well in advanced in their processes towards the appointment of the financial trustee and then the establishment of the scheme financial vehicle. Those announcements will be made quite soon by ASL.

**The Hon. PENNY SHARPE:** Just to be clear, the financial obligations to the underwritten generators are recovered from distribution network service provider levies. Is that right?

**PAUL GRIMES:** Sorry, I just missed part of that question.

**Mr MATT KEAN:** Yes, that's correct.

**The Hon. PENNY SHARPE:** The levies will be recovered from retailers, who will recover the amounts from electricity consumers. Is that correct?

**Mr MATT KEAN:** That's correct.

**The Hon. PENNY SHARPE:** So consumers will be paying the levy for the scheme's financial vehicle?

**Mr MATT KEAN:** That's correct.

**The Hon. PENNY SHARPE:** How much is that going to be?

**Mr MATT KEAN:** I mean, it's going to depend on the generation and the infrastructure that's built but, as you know, with the modelling we did around the road map, we compared our scheme to a situation if we didn't have a policy in place—

**The Hon. PENNY SHARPE:** So you've got modelling that shows how it's going to cost less long term. I want to know what your modelling is about, in the short term, how much it's going to cost more for consumers.

**Mr MATT KEAN:** What we've said is that consumers will save, on average over the next 20 years, \$130 per annum.

**The Hon. PENNY SHARPE:** That's not my question. I've read the road map. I'm very familiar with it.

**Mr MATT KEAN:** I understand your question, and I appreciate that you did vote for the road map. But what I'm saying is that an average price means that some years consumers will save more and some years they will save—so there will be ups and downs.

**The Hon. PENNY SHARPE:** They will pay more. Are there any years where they're going to be paying more? As we know, they're already paying more, Minister.

**Mr MATT KEAN:** You know the challenges that we face in our energy system. We have put in place a policy that will see, on average, consumers saving up to \$130 per annum compared to the counterfactual, which was doing nothing.

**The Hon. PENNY SHARPE:** Thank you for that. I will no doubt talk about this more this afternoon. I wanted to understand why your Government scrapped the Design and Place SEPP, which was going to put some controls in our planning system around reducing emissions.

**Mr MATT KEAN:** That's probably a question best directed to the planning Minister.

**The Hon. PENNY SHARPE:** No, you're the energy Minister. Did you have no input into the decision for Minister Roberts to scrap Minister Stokes' draft Design and Place SEPP?

**Mr MATT KEAN:** I'm very happy to talk about energy policy. But this is a planning policy and those questions are best—

**The Hon. PENNY SHARPE:** Do you accept that planning has a bearing on emissions and energy usage?

**Mr MATT KEAN:** Of course I accept that but, again, I'm the energy—

**The Hon. PENNY SHARPE:** Well, you're in charge of the road map to get us to net zero by 2050.

**Mr MATT KEAN:** Yes, but I think that in terms of—

**The Hon. PENNY SHARPE:** You don't think this is materially—

**Mr MATT KEAN:** —allocation of Acts, planning Acts are allocated to the planning Minister, not the energy Minister.

**The Hon. PENNY SHARPE:** I understand that very well.

**Mr MATT KEAN:** So you're probably best placed to direct it to the planning Minister.

**The Hon. PENNY SHARPE:** Alright, if the energy Minister takes no interest in emissions reduction from planning, that's fine. Happy to take that—

**Mr MATT KEAN:** No, they're your words. You're taking no interest in apologising to the commuters for being inconvenienced today—

**The Hon. PENNY SHARPE:** It's okay. Thank you for the answer.

**Mr MATT KEAN:** —on the rail network.

**The Hon. PENNY SHARPE:** Very happy to understand that you have zero interest.

**Mr MATT KEAN:** And I'm waiting for you to just say sorry.

**The Hon. SCOTT FARLOW:** I'd like to hear this one.

**Mr MATT KEAN:** Why is sorry the hardest word for you?

**The ACTING CHAIR:** Order!

**Ms CATE FAEHRMANN:** I just wanted to ask you some questions about Dungowan Dam. Firstly, has the New South Wales Government promised to gift at least \$600 million to the Tamworth electorate to fund the new Dungowan Dam and Pipeline Project?

**Mr MATT KEAN:** That's probably best answered by Minister Anderson, the water Minister.

**Ms CATE FAEHRMANN:** You have no say over the quantity of money—let's say \$600 million at least if the Federal Government comes to the party, but that's looking extremely unlikely, so this dam is actually potentially going to cost \$1.3 billion. What's your oversight then of that particular spend within the water portfolio?

**Mr MATT KEAN:** The Government's policy is—if the Commonwealth comes to the table to fund infrastructure that's been jointly agreed, then we will make a contribution. That's true when it comes to roads or dams or hospitals or a range of things which we work with the Commonwealth to deliver.

**Ms CATE FAEHRMANN:** You're aware of the history of this project in terms of the joint announcement some time ago now, before the last State election? I understand that was with Barnaby Joyce, former Prime Minister Scott Morrison, former Premier Gladys Berejiklian and former Deputy Premier John Barilaro all promising to come together to fund this project. Is that something that the Government—have you said that you're going to do this regardless of whether the Federal Government now comes to the party to fund half?

**Mr MATT KEAN:** No, this is a joint undertaking by the Commonwealth and the State. The allocation of State money is contingent on the Commonwealth Government meeting their obligations to the people of New South Wales. Let me be very clear: I expect the new Labor Government to honour all the commitments that the Federal Government has made to the people of New South Wales. I'll be very disappointed if Minister Chalmers starts renegeing on commitments to this State by the Federal Government.

**Ms CATE FAEHRMANN:** Are you aware of what Infrastructure Australia recently stated about the Dungowan Dam project and that the Federal Government's support was contingent on what Infrastructure Australia found in relation to this project—whether it was worthy of funding?

**Mr MATT KEAN:** Obviously, we will go through a proper process, but I expect the Commonwealth to honour the commitments that they've made to the people of New South Wales when it comes to infrastructure. If they're going to pull out of investments in infrastructure in New South Wales, whether it be dams or anything else, they need to explain to the people of this State why they're doing it.

**Ms CATE FAEHRMANN:** Let's assume, Treasurer, that the Federal Government probably will pull out of funding this, because nothing stacks up, and Infrastructure Australia said that the selection of the new Dungowan Dam and pipeline as the recommended option is poorly substantiated. I think it had a benefit-cost ratio, according to Infrastructure Australia and the pretty sham business case that your Government produced at a very late hour—0.07 was the benefit-cost ratio. How does that stack up with you as Treasurer?

**Mr MATT KEAN:** As I said, these undertakings were made by the New South Wales Government with the Commonwealth Government to build infrastructure in New South Wales.

**Ms CATE FAEHRMANN:** Yes, it's a new Government—

**Mr MATT KEAN:** I expect the Commonwealth Government to honour the commitments to the people of New South Wales when it comes to investing in this State.

**Ms CATE FAEHRMANN:** Okay, the question to you is: If they don't, because Infrastructure Australia has come and said a 0.07 cost-benefit ratio is an absolute dog—I assume even you would agree—so they probably won't come to the party, are you going to give your water Minister \$1.3 billion to spend on a dam in his electorate?

**Mr MATT KEAN:** No, that project is contingent on the Commonwealth Government coming to the party. If the Commonwealth are going to start renegeing on commitments to the people of New South Wales, then they should explain that to the people of this State.

**Ms CATE FAEHRMANN:** In other words, Treasurer, if the Federal Government doesn't come to the table with half of the funding towards the new Dungowan Dam and Pipeline Project, it's off the table?

**Mr MATT KEAN:** What I've said is that the ability for the Government to deliver a range of infrastructure projects which we've entered into on the assumption that the Commonwealth are also going to fund those projects—is the basis on which we'll be proceeding. That shouldn't surprise anyone. These are expensive projects and we need the Commonwealth to honour their commitments to the people of New South Wales when it comes to these critical infrastructure projects. If the Commonwealth wants to start taking the money away from the people of this State, then I will stand up every day of the week for the people of New South Wales to make sure we get the best deal, the best infrastructure and the best services. I'll be proud to do that as the Treasurer of this State. Labor can explain to the people of New South Wales why they're ripping money and infrastructure out of this State.

**Ms CATE FAEHRMANN:** Thank you, Treasurer. I won't be distracted by you steering off the point. You're aware also of Infrastructure NSW's recommendation that the regional major dam projects be reconsidered in terms of timing—you're aware of that. They also talk about the Beaches Link, Parramatta Light Rail Stage 2 and the central tunnel for the Great Western Highway Katoomba. But part of that was also regional major dam projects. You'd be aware of what Infrastructure NSW stated there.

**Mr MATT KEAN:** What specifically?

**Ms CATE FAEHRMANN:** That the timing of those dams be reconsidered, that they not be funded in the budget.

**Mr MATT KEAN:** Obviously as the Treasurer I'm aware that there are significant capacity constraints in the marketplace at the moment and new major projects will drive up the cost of delivery of those projects. That's one of the reasons why the Government took a decision to defer projects like the Beaches Link tunnel. We don't want to add to the cost of delivering these major infrastructure projects, where it's appropriate to do so. We will always look at ways to deliver infrastructure in the way that is in the best interests of taxpayers in New South Wales. Whether that be dams or anything else, that will be our approach.

**Ms CATE FAEHRMANN:** As Treasurer, what is your view of a cost-benefit ratio of 0.09?

**Mr MATT KEAN:** Obviously we want to get the best BCRs possible when making decisions, but I will note that it's not uncommon for projects in regional New South Wales to have lower BCRs due to lower populations. It's not the only measure that should be considered when determining what projects do and don't go ahead. I would have thought you'd agree with that, Ms Faehrmann—that there are a number of things that governments do where the BCRs don't always reach the highest possible rate. If you were just purely making decisions on BCRs then there'd be a whole lot of things that governments wouldn't do. That doesn't mean it's appropriate.

**Ms CATE FAEHRMANN:** You've got a government guide to cost-benefit analysis, I understand, which states:

Options where costs are greater than benefits in present value terms (a negative NPV or a BCR less than one)—

This is 0.09, so that's a lot less than one—

reduce overall social welfare and should not be selected even if there is sufficient budget funding to implement them.

So it's almost two things, isn't it? Obviously it shouldn't be selected because of the cost-benefit ratio being 0.09, but also because there's not sufficient budget funding to implement them. You yourself have acknowledged that you've had to put off major projects. At what point will your Government say that Dungowan Dam just cannot go ahead?

**Mr MATT KEAN:** This is an infrastructure government. This is a government that believes in building infrastructure, and that's why I'm so proud that we're delivering a \$112.7 billion investment in infrastructure pipeline over the next four years. Just like we've built motorways, schools and hospitals at a rate that Labor could never deliver, so too will we continue to build the infrastructure that's going to improve the productive capacity of this State and the lives of the citizens of New South Wales, whether that be in the city or the bush. I'm not going to back away from that.

**Ms CATE FAEHRMANN:** It sounds like you haven't availed yourself of what Infrastructure Australia and Infrastructure NSW are saying about this dam, because Infrastructure Australia was not impressed at all at the business case or at the fact that options weren't adequately considered and there are better options to provide water security to the people of Tamworth. It was scathing, in fact, Treasurer. You can talk about the benefits of infrastructure, but I'm saying this particular one is an absolute dud, shouldn't go ahead and really has no benefits. But you're potentially going to spend \$1.3 billion of this State's money on it—because you can guarantee the Commonwealth will not come to the party now, because of what Infrastructure Australia found.

**Mr MATT KEAN:** I think that's a creative way of putting a question, and what I've actually said is we expect the Commonwealth Government to honour their commitments to investing in the infrastructure and services that the people of New South Wales need and deserve.

**Ms CATE FAEHRMANN:** They don't need this one.

**Mr MATT KEAN:** If the Commonwealth are not going to honour their commitments to this State then they should explain that to the people of Tamworth, the people of New England and the people of New South Wales.

**Ms CATE FAEHRMANN:** It's the irrigators.

**The Hon. DANIEL MOOKHEY:** Good to see you again, Treasurer. The Treasury Managed Fund as managed by icare has underpaid thousands of police officers, nurses and prison guards. When will they all be getting their money back?

**Mr MATT KEAN:** Has underpaid?

**The Hon. DANIEL MOOKHEY:** Yes, icare. You may have noticed, but the Treasury Managed Fund has underpaid thousands of police officers, nurses and prison guards. You're in charge of Treasury Managed Fund. When will they be getting their money back?

**Mr MATT KEAN:** I might hand that to Sonya Campbell.

**SONYA CAMPBELL:** Thank you, Treasurer, and thank you, Mr Mookhey, for the question. Minister Tudehope is actually the responsible Minister for icare, and—

**The Hon. DANIEL MOOKHEY:** Yes, I know that, thank you. Sorry, Ms Campbell, I appreciate that. I'm aware about who has the ministerial arrangements for icare. I'm asking about the Treasury Managed Fund, which is the Treasurer. Treasurer, it's your fund. When are you going to be repaying the thousands of police officers, nurses and prison guards who your fund underpaid?

**Mr MATT KEAN:** I mean, the Treasury Managed Fund in these decisions are managed by icare, as you know. That's the responsibility of Mr Tudehope. You've got three hours in a couple of days with him, so you should—

**The Hon. SCOTT FARLOW:** Friday.

**The Hon. DANIEL MOOKHEY:** And rest assured I'll take it up with him.

**Mr MATT KEAN:** I'd be more interested in you spending your time apologising to the commuters of Sydney that were inconvenienced by your union bosses this morning, Mr Mookhey.

**The Hon. DANIEL MOOKHEY:** Treasurer, this is a serious matter. We're talking about underpayments to police officers who were injured on the job, nurses who were assaulted at work and prison guards who have had to assist in riots. I accept that the Treasury Managed Fund is managed by icare, but you're in charge of it. It's an entirely different arrangement, so how many times have you met with icare to demand they repay the workers your Government has underpaid?

**Mr MATT KEAN:** Mr Mookhey, as you know, icare uses the Treasury Managed Fund to pay workers, so these are decisions for icare as to how it distributes the Treasury Managed Fund.

**The Hon. DANIEL MOOKHEY:** No, I'm across this. Rest assured the secretary will be getting these questions this afternoon.

**Mr MATT KEAN:** They're questions for Minister Tudehope, Mr Mookhey.

**The Hon. DANIEL MOOKHEY:** No, the secretary and you manage the TMF.

**The Hon. SCOTT FARLOW:** How many times have you met with Alex Claassens?

**The ACTING CHAIR:** Order!

**Mr MATT KEAN:** I can't believe you've run out of questions in the Treasury portfolio already. We've still got an hour to go.

**The Hon. DANIEL MOOKHEY:** Treasurer, of all the matters to make light of, this would not be the one I'd choose.

**Mr MATT KEAN:** I'm not making light.

**The Hon. PENNY SHARPE:** You are.

**Mr MATT KEAN:** I'm just saying these are questions for the Minister responsible for icare, Minister Tudehope.

**The Hon. DANIEL MOOKHEY:** The secretary and you are responsible for the Treasury Managed Fund. I'm going to ask you again, on behalf of the injured police officers and nurses who have been waiting for years to get their money back. You're responsible for the fund. Have you had a single meeting with the icare CEO to make sure that our State's injured police officers and nurses get the money your Government underpaid them?

**Mr MATT KEAN:** Mr Mookhey, you know how icare works. They distribute the proceeds from the Treasury Managed Fund to injured workers. These are questions that need to be directed to the Minister who is responsible for the operation of icare, and that is Minister Tudehope. Stop your confected outrage here today. You haven't got your line up on the TV this morning when it comes to John Barilaro. You haven't got your line up with regard to your other false claims.

**The Hon. DANIEL MOOKHEY:** Treasurer, there are police officers—you're making light of a matter that is affecting thousands of injured public servants.



**Mr MATT KEAN:** And now you are sitting here asking me questions that you know are the responsibility of Minister Tudehope.

**The Hon. DANIEL MOOKHEY:** Treasurer, if you're going to insult these workers, that's one thing, but can you at least explain to me whether or not you've had to authorise a transfer into the Treasury Managed Fund this year?

**Mr MATT KEAN:** I have enormous respect for those—

**The Hon. DANIEL MOOKHEY:** Have you authorised a transfer of money into the Treasury Managed Fund?

**Mr MATT KEAN:** I'm trying to answer your question.

**The Hon. SCOTT FARLOW:** Point of order—

**Mr MATT KEAN:** Yes, I have, Mr Mookhey.

**The Hon. DANIEL MOOKHEY:** How much?

**The ACTING CHAIR:** Order!

**The Hon. DANIEL MOOKHEY:** How much have you had to bail out the TMF for?

**Mr MATT KEAN:** I have enormous sympathy for—

**The Hon. DANIEL MOOKHEY:** How much have you had to bail out the Treasury Managed Fund for?

**Mr MATT KEAN:** Why are you talking over—I think there is a point of order. You're talking over the point of order.

**The Hon. DANIEL MOOKHEY:** Treasurer, your Government has failed to repay these workers—

**The ACTING CHAIR:** Order! Mr Mookhey, we've got a point of order here.

**The Hon. SCOTT FARLOW:** As the Opposition members have said, it's question, answer, question, answer. If the Hon. Daniel Mookhey would like to ask a question and then let the Treasurer answer, I think this would run better.

**The Hon. DANIEL MOOKHEY:** Thank you, Mr Farlow.

**The ACTING CHAIR:** I uphold the point of order.

**The Hon. DANIEL MOOKHEY:** Treasurer, how much money have you had to authorise to bail out the Treasury Managed Fund after it underpaid thousands of injured workers?

**Mr MATT KEAN:** Mr Mookhey, I have enormous respect for injured workers.

**The Hon. DANIEL MOOKHEY:** Then show them some respect by answering the question.

**Mr MATT KEAN:** Can I finish? Stop trying to get the TV grabs up and let me answer the question.

**The Hon. DANIEL MOOKHEY:** Treasurer, you've wasted the Committee's time ad nauseum this morning.

**Mr MATT KEAN:** Stop trying to play your stunts. You've done it for months with regard to these committees. Let me answer your question.

**The Hon. DANIEL MOOKHEY:** Treasurer, you've bailed out the Treasury Managed Fund. How much have you bailed out the Treasury Managed Fund?

**Mr MATT KEAN:** I've met with the union movement. I've met with injured workers recently. I've injected \$1.9 billion in June this year to support injured workers, Mr Mookhey. With regard to the distribution of those contributions, that is a matter for Mr Tudehope.

**The Hon. DANIEL MOOKHEY:** Treasurer, why did the Treasury Managed Fund need a \$1.9 billion bailout in June?

**Mr MATT KEAN:** Mr Mookhey, Mr Midha can answer that question.

**The Hon. DANIEL MOOKHEY:** I'd like to hear from Mr Midha after I hear from you, because you authorised the bailout. What reasons were you given for having to authorise a \$1.9 billion bailout of the Treasury Managed Fund?

**Mr MATT KEAN:** We need to make sure that there is money available for those injured workers. I responded to that request from icare, and Mr Midha can explain the reasons about why the bailout was needed.

**The Hon. DANIEL MOOKHEY:** Before he does, when did they ask for the \$1.9 billion, Treasurer?

**Mr MATT KEAN:** Mr Midha can answer that question.

**SAN MIDHA:** The key drivers for the increase in liabilities for the fund were the adverse trends in psychological worker compensation claims.

**The Hon. DANIEL MOOKHEY:** Sorry, Mr Midha, I don't want to be rude, but we can say that there was a \$1.9 billion bailout because its liabilities exceeded its assets. Is that correct?

**SAN MIDHA:** The net asset holding level that we maintain—and the actual calculations tell us what the number is—

**The Hon. DANIEL MOOKHEY:** Yes, I'm aware. We've gone through this.

**SAN MIDHA:** And that had dropped, so the \$1.9 billion was injected into the fund to raise the net asset holding level, which was driven down.

**The Hon. DANIEL MOOKHEY:** What was the funding ratio at the time of the bailout, prior to the bailout?

**SAN MIDHA:** It was 102 per cent, and it's now at—

**The Hon. DANIEL MOOKHEY:** It's required, under that policy you just mentioned, to stay at 105, correct?

**SAN MIDHA:** One hundred and five. It is now at 105 per cent.

**The Hon. DANIEL MOOKHEY:** The reason why, Treasurer, is because icare's continued mismanagement has resulted again in us having to take \$1.9 billion, which otherwise could have been used on schools and hospitals, to bail out this fund. Given that these issues with icare have surfaced now more than two years ago, surely you're sitting there as Treasurer and demanding that icare do a better job.

**Mr MATT KEAN:** Mr Mookhey, I think you know that there are challenges in terms of the asset revaluations, the fluctuations in the marketplace and the types of injuries that injured workers are dealing with. There are a range of factors why there was an increase in the amount paid to injured workers. Let me be very clear: I am always happy to support injured workers. I met with them recently with your friend Mark Morey. I met with them and understood their concerns. We've made sure that we've topped up the fund, but the questions that you're raising are best directed to Minister Tudehope—

**The Hon. DANIEL MOOKHEY:** No, this is now about you—

**Mr MATT KEAN:** —who is responsible for icare.

**The Hon. DANIEL MOOKHEY:** —and your bailouts. This is now about you and your bailouts. In the past three years, we have had to—you and your predecessor as Treasurer have jointly signed off on \$3.9 billion worth of bailouts for the Treasury Managed Fund after icare systemically mismanaged the scheme. Do you anticipate that we're going to have to pay any more bailouts on the TMF?

**Mr MATT KEAN:** I anticipate that we will always stand by injured workers. That's what I anticipate.

**The Hon. DANIEL MOOKHEY:** Given that you and your Government, in the past three years, have signed off on nearly \$4 billion worth of bailouts, do you have confidence in icare?

**Mr MATT KEAN:** I should say that some of those moneys also include the cost of dealing with the floods—

**The Hon. DANIEL MOOKHEY:** How much?

**Mr MATT KEAN:** We can get you those figures.

**The Hon. DANIEL MOOKHEY:** Until you have those figures, perhaps answer my question.

**Mr MATT KEAN:** I'm trying to answer your question.

**The Hon. DANIEL MOOKHEY:** Given that your Government has—

**Mr MATT KEAN:** I'm giving you context, Mr Mookhey.

**The Hon. DANIEL MOOKHEY:** —has bailed out \$4 billion in the last three years for the Treasury Managed Fund, do you have confidence in icare?

**Mr MATT KEAN:** What I have confidence in is that I will always stand by injured workers in this State, just like I always stand by taxpayers and the public of New South Wales. While you're standing by, sitting here and using this Committee to—

**The Hon. PENNY SHARPE:** Ask questions.

**Mr MATT KEAN:** —spread mistruths, I am going to continue to do my job as the Treasurer of New South Wales, getting good outcomes—

**The Hon. DANIEL MOOKHEY:** Your predecessor said—

**Mr MATT KEAN:** —for the citizens of this State.

**The Hon. DANIEL MOOKHEY:** —that icare had done a superb job. They were his words in the Legislative Assembly—icare had done a superb job. Do you think icare has done a superb job?

**Mr MATT KEAN:** I think that we should always be looking to do what we can to make sure all of our government agencies are working in the best interests of their stakeholders, and that's what I'll continue to do.

**The Hon. DANIEL MOOKHEY:** Let's go onto another one of your disasters. Let's talk about the Transport Asset Holding Entity. How do you intend to fund the growth in funding that Sydney Trains and NSW Trains need to pay TAHE's access fees after 2024-25?

**Mr MATT KEAN:** You want to talk about transport; let's talk about the chaos and dysfunction that you've levelled—

**The Hon. DANIEL MOOKHEY:** We can, but if you don't mind—

**Mr MATT KEAN:** —on the people of New South Wales—

**The Hon. DANIEL MOOKHEY:** —talking about the financial disaster—

**Mr MATT KEAN:** —as recently as this morning.

**The Hon. DANIEL MOOKHEY:** —that your Government has saddled us with—

**Mr MATT KEAN:** They're going to see it again tomorrow. Are you going to call the union bosses—

**The Hon. DANIEL MOOKHEY:** Treasurer, perhaps what we can do is this—

**Mr MATT KEAN:** —and tell them to call off their strike, Mr Mookhey?

**The Hon. DANIEL MOOKHEY:** Treasurer, maybe what we can do is this—

**Mr MATT KEAN:** Are you going to call—

**The Hon. DANIEL MOOKHEY:** —if you can answer for your—

**Mr MATT KEAN:** It's a simple question for the people at home, Mr Mookhey.

**The Hon. DANIEL MOOKHEY:** —Government's mismanagement here—

**Mr MATT KEAN:** Are you going to call Alex Claassens and tell him to call off your strike tomorrow?

**The Hon. DANIEL MOOKHEY:** Treasurer, how about we do this—

**Mr MATT KEAN:** You want to talk about transport and things that—

**The Hon. DANIEL MOOKHEY:** Do you want to tell us—

**Mr MATT KEAN:** —are impacting the commuters of this State—

**The Hon. DANIEL MOOKHEY:** —given that we've had to spend \$1.9 billion—

**Mr MATT KEAN:** The behaviour of the unions is the first thing—

**The Hon. PENNY SHARPE:** Point of order—

**Mr MATT KEAN:** —you should be apologising for, Mr Mookhey.

**The Hon. PENNY SHARPE:** You should know by now, it is question and then answer, not interrupting while asking the question. This is directed towards the Treasurer.

**The ACTING CHAIR:** I'd also direct the Treasurer to be directly relevant with his answers.

**The Hon. DANIEL MOOKHEY:** Treasurer, the question that you were not being directly relevant to was: How do you intend to fund the growth in funding that Sydney Trains and NSW Trains need to pay TAHE's access fees after 2024-25?

**Mr MATT KEAN:** We'll manage the State's finances responsibly, just like this Government always does. We are proud to have managed the State's finances in a way that has enabled us to ensure that we keep the community safe and get us through the worst health and economic shock—

**The Hon. DANIEL MOOKHEY:** What was TAHE's profit—

**Mr MATT KEAN:** —that we've seen in over a century. I am proud that this Government is able to continue to deliver a budget that will invest in our kids, ensuring that they get the best education possible.

**The Hon. DANIEL MOOKHEY:** What was TAHE's profit result—

**Mr MATT KEAN:** I am proud that we are continuing—

**The Hon. DANIEL MOOKHEY:** —last year?

**Mr MATT KEAN:** —to manage the State's finances responsibly so that we can deliver affordable, accessible child care to increase the participation rate of women across the State. I note that you don't have a childcare policy yet, Mr Mookhey. Where is Labor's childcare policy? In fact, where is Labor's policy about anything other than the year of the strike?

**The Hon. DANIEL MOOKHEY:** Treasurer, did TAHE make a profit last year?

**Mr MATT KEAN:** Where is your policy about anything other than the year of the strike, Mr Mookhey?

**The Hon. DANIEL MOOKHEY:** Did TAHE make a profit last year?

**Mr MATT KEAN:** You have read the State's financial statements. You know the answer to this.

**The Hon. DANIEL MOOKHEY:** I actually don't.

**Mr MATT KEAN:** That's why the Government stepped in—

**The Hon. DANIEL MOOKHEY:** They haven't been filed for the past financial year.

**Mr MATT KEAN:** That's why the Government stepped in and ensured that it was able to meet its obligations, which is a return—

**The Hon. DANIEL MOOKHEY:** I'm glad that you prevented insolvency, but I'm actually interested in whether or not—

**Mr MATT KEAN:** —that was signed off by the Auditor-General of New South Wales.

**The Hon. DANIEL MOOKHEY:** Did the Transport Asset Holding Entity—

**Mr MATT KEAN:** We've made sure TAHE has met its obligations.

**The Hon. DANIEL MOOKHEY:** Did the Transport Asset Holding Entity make a profit last year?

**Mr MATT KEAN:** We have ensured that the Transport Asset Holding Entity has met its obligations. That's why the Auditor-General has confirmed its treatment in the State's finances.

**The Hon. DANIEL MOOKHEY:** Were you briefed on the report handed down to your Treasury by Mr Sedgwick?

**Mr MATT KEAN:** I was. I was briefed by my Treasury secretary, Dr Grimes, if you'd like to—

**The Hon. DANIEL MOOKHEY:** Did you meet Mr Sedgwick, by any chance?

**Mr MATT KEAN:** I was briefed by Dr Grimes.

**The Hon. DANIEL MOOKHEY:** Given that report says that your Treasury isn't capable of being trusted by the Auditor-General, what steps have you taken to ensure that your Treasury is capable of holding the trust of the Auditor-General?

**Mr MATT KEAN:** We have focused very much on rebuilding the trust and relationship with the Auditor-General, led by my outstanding secretary, Dr Grimes. We have engaged very constructively and collaboratively in resetting the relationship with the Auditor-General, and I am confident that we will continue to improve that relationship in a way that is in the interests of the people of New South Wales.

**The Hon. DANIEL MOOKHEY:** Has your Treasury signed the State's accounts for the past financial year?

**PAUL GRIMES:** For the last financial year, those accounts are currently in preparation.

**The Hon. DANIEL MOOKHEY:** When will they be submitted, Secretary?

**PAUL GRIMES:** I don't have that date, but we should be able to get that date quickly and before you—

**The Hon. DANIEL MOOKHEY:** Last year I was told by your predecessor at this very hearing that they'd be imminently signed, and I was misled. Are they likely to be signed in September or October, as is the usual pattern?

**PAUL GRIMES:** I'm expecting they will be signed in the next couple of months. The issue—

**The Hon. DANIEL MOOKHEY:** Treasury Secretary, next couple of months—what are we talking about here?

**PAUL GRIMES:** Both ourselves and the Auditor-General are experiencing some pressures around the availability of staff—that includes audit staff—to complete all aspects of the preparation of the—

**The Hon. DANIEL MOOKHEY:** I'm asking you about when you're signing the draft reports.

**Mr MATT KEAN:** He can't sign the reports until the audit has been—

**The Hon. DANIEL MOOKHEY:** No. The way it works, Treasurer, if you read the report and you know the law, is the Treasury Secretary signs the report, then they commence an audit. When are we going to be signing the report? Last year your predecessor withheld signature whilst you were negotiating with the Auditor-General. I am just wanting to know from the Treasury, can we expect something better this year?

**PAUL GRIMES:** The process is proceeding quite smoothly at the moment. I don't anticipate any particular delays over and above delays that might be involved with shortage in availability of staff at this stage.

**The Hon. DANIEL MOOKHEY:** Treasurer, are you going to abolish the Transport Asset Holding Entity?

**Mr MATT KEAN:** The Government's policy position on the Transport Asset Holding Entity is very clear: We are going to ensure that it continues to act in the interests of the taxpayers of New South Wales and act in the interests of the commuters of New South Wales. The Government is not going to change its policy position.

**The Hon. DANIEL MOOKHEY:** Treasurer, what's the current balance of the NSW Generations (Debt Retirement) Fund as of 30 June 2022?

**Mr MATT KEAN:** Can you repeat the question?

**The Hon. DANIEL MOOKHEY:** What is the balance of the NSW Generations (Debt Retirement) Fund as of 30 June 2022?

**Mr MATT KEAN:** The debt retirement fund—\$14.7 billion.

**The Hon. DANIEL MOOKHEY:** So the fund lost \$400 million last year. Is that correct?

**Mr MATT KEAN:** Mr Midha, would you like to—

**SAN MIDHA:** Yes. As of last month, it's at 15.3, back to where it was.

**The Hon. DANIEL MOOKHEY:** Sure. There has been a balance in equities—

**SAN MIDHA:** Yes.

**The Hon. DANIEL MOOKHEY:** —but that's why we measure it every financial year, as you often tell me. In the last financial year, we've lost \$400 million in the NSW Generations Fund. Treasurer, where are we up to with the divestment of our Russian assets?

**Mr MATT KEAN:** We have divested our Russian debt, I believe. Our Russian equities, we have written down to zero. Obviously, as I mentioned to you last year, we've commissioned a review into our investing strategy around ESG. That's why Pru Bennett has been commissioned to do a review into our ESG investment strategy. I've just received that report, and we look forward to New South Wales leading the way when it comes to ESG investing.

**The Hon. DANIEL MOOKHEY:** I'm glad. Then can you explain to me, how much money have we had to write off after we invested it in Mr Putin's Russia?

**Mr MATT KEAN:** As you know, the New South Wales Government has a broad and diverse investment portfolio.

**The Hon. PENNY SHARPE:** How much did it cost taxpayers?

**Mr MATT KEAN:** I'm trying to get to the question. That portfolio invested in a range of assets, from bonds to equities to—

**The Hon. DANIEL MOOKHEY:** Russian equities, yes.

**Mr MATT KEAN:** —a range of things. As I said, we've written down—

**The Hon. DANIEL MOOKHEY:** How much?

**Mr MATT KEAN:** —those equities, and we've written off—we've sold down our debt, I think.

**The Hon. DANIEL MOOKHEY:** Equities. How much have we written off on the equities?

**Mr MATT KEAN:** We can take that on notice.

**The Hon. DANIEL MOOKHEY:** Last I checked, you had roughly \$30 million invested in Russian stocks. Can we at least assume that that \$30 million is gone?

**Mr MATT KEAN:** Let's be very clear: The NGF has delivered around \$3 billion worth of value—

**The Hon. DANIEL MOOKHEY:** You lost \$400 million last year.

**Mr MATT KEAN:** —to the taxpayers of New South Wales. That is a net improvement of the State's balance sheet—

**The Hon. DANIEL MOOKHEY:** Did we lose \$30 million—

**Mr MATT KEAN:** —by billions of dollars.

**The Hon. DANIEL MOOKHEY:** Did we lose \$30 million worth—

**Mr MATT KEAN:** Hold on—

**The Hon. DANIEL MOOKHEY:** —of assets after your Government—

**Mr MATT KEAN:** We have gained a net improvement—

**The Hon. DANIEL MOOKHEY:** —invested in Vladimir Putin's stock market?

**Mr MATT KEAN:** —of around \$3 billion since the NGF was set up, Mr Mookhey. Taxpayers are far better off because of this Government's investments.

**The Hon. DANIEL MOOKHEY:** So you're not concerned about writing off—

**Mr MATT KEAN:** Of course we are concerned. That's why we have—

**The Hon. DANIEL MOOKHEY:** —the \$30-odd million that your Government invested in Putin's Russia?

**Mr MATT KEAN:** —a pre-eminent investment board of advisers—a governance model that oversees the State's investments, including people like Glenn Stevens, who are ensuring that we are getting the best deal for taxpayers of this State.

**The Hon. DANIEL MOOKHEY:** Treasurer, is your Government going to resume its policy of depositing the cash surplus in the NSW Generations (Debt Retirement) Fund?

**Mr MATT KEAN:** We have suspended payments to the NGF for this financial year. Whilst we're operating in cash deficit, I don't think it is appropriate that we inject more money into the NGF when we are in this cash position. We'll review the NGF strategy in an ongoing way, as we always will.

**The Hon. DANIEL MOOKHEY:** Treasurer, I am just going to read to you now from the budget paper, which I am assuming you've read. You just tell me whether this is still your policy or whether in the two months since it's changed. So, here it is—

**Mr MATT KEAN:** I don't understand your smart—

**The Hon. DANIEL MOOKHEY:** Contributions to the NGF are—

**Mr MATT KEAN:** These offensive little jibes that you have here—

**The Hon. DANIEL MOOKHEY:** —projected to resume in 2023-24—

**Mr MATT KEAN:** It is completely unbecoming, Mr Mookhey.

**The Hon. DANIEL MOOKHEY:** —when the cash operating position is projected to return to a surplus—

**Mr MATT KEAN:** We are still waiting for an apology from you for the transport commuters of New South Wales, Mr Mookhey. When are you going to apologise?

**The Hon. DANIEL MOOKHEY:** —of \$3.8 billion.

**Mr MATT KEAN:** You just need to say sorry.

**The Hon. DANIEL MOOKHEY:** Treasurer, your Government, I'm interested—

**Mr MATT KEAN:** All we are waiting for is a "sorry". Why is "sorry" the hardest word for you?

**The Hon. DANIEL MOOKHEY:** Treasurer—

**The ACTING CHAIR:** Order! Order!

**Mr MATT KEAN:** We are waiting for an apology.

**The Hon. DANIEL MOOKHEY:** Treasurer, keep your cool. If you want to go to Budget Paper No. 1, I'm at page 6-5.

**Mr MATT KEAN:** It is about time you asked a question about the budget. I've been waiting the entire hearing for you to ask something about the budget. Which budget paper do you want to go to? Budget Paper No. 1.

**The Hon. PENNY SHARPE:** It will be the one that you haven't read, so let's just go to the page.

**The Hon. DANIEL MOOKHEY:** Try Budget Paper No. 1. Let's go to that one.

**Mr MATT KEAN:** Is this really necessary?

**The ACTING CHAIR:** Order! Premier—sorry. That might be the case soon.

**Mr MATT KEAN:** Ms Sharpe is the first one to be outraged about anything. She's sitting there on Twitter and then coming in with these little hostile tactics—

**The Hon. DANIEL MOOKHEY:** Treasurer, just be careful how you refer to people.

**The ACTING CHAIR:** Order! Treasurer, I remind you that you must remain directly relevant—

**The Hon. PENNY SHARPE:** My patience for children is very low.

**The ACTING CHAIR:** —and answer questions. You're not here to ask questions, you're here to answer questions.

**Mr MATT KEAN:** What page are you referring to, Mr Mookhey?

**The Hon. DANIEL MOOKHEY:** Page 6-5.

**Mr MATT KEAN:** Can you just give me a moment to find that, please?

**The Hon. DANIEL MOOKHEY:** Please, take your time.

**Mr MATT KEAN:** Okay, I will. Of budget paper which?

**The Hon. DANIEL MOOKHEY:** No. 1.

**The Hon. PENNY SHARPE:** It might be the first time you've read it. Just open it up.

**The Hon. DANIEL MOOKHEY:** Just remove the plastic and you will see 6-5.

**Mr MATT KEAN:** Actually, Mr Mookhey, I know you've been taking advice on tactics from Mr Secord, who was your predecessor in this role. What other advice have you taken from Mr Secord about how to conduct yourself in a parliamentary hearing?

**The ACTING CHAIR:** Order!

**The Hon. DANIEL MOOKHEY:** The advice that I've gotten is to ask you this question by me. I gave advice to myself.

**Mr MATT KEAN:** What other things, bits of advice have you taken from Mr Secord?

**The Hon. DANIEL MOOKHEY:** Treasurer, lean forward and let's have a read. I asked you a really simple question, which was whether or not your Government is intending to deposit—

**Mr MATT KEAN:** What did you know about Mr Secord? What page are we on?

**The Hon. DANIEL MOOKHEY:** Page 6-5. Do you need more time?

**Mr MATT KEAN:** Sure.

**The Hon. DANIEL MOOKHEY:** Take your time.

**Mr MATT KEAN:** I will.

**The Hon. PENNY SHARPE:** Reading time.

**The Hon. DANIEL MOOKHEY:** Comfortable?

**Mr MATT KEAN:** Are we going to get an apology out of you yet?

**The Hon. DANIEL MOOKHEY:** Have you taken any advice?

**Mr MATT KEAN:** An apology to the citizens that were inconvenienced by your union bosses this morning—Alex Claassens, who sits on the administrative committee that puts you into the Parliament?

**The Hon. DANIEL MOOKHEY:** If you need more reading time with your budget, that's fine.

**Mr MATT KEAN:** You were a union official, weren't you, Mr Mookhey? A TWU union official, I believe.

**The ACTING CHAIR:** Order!

**The Hon. DANIEL MOOKHEY:** Feel free on notice to provide me any character assessment you'd like to.

**Mr MATT KEAN:** You're doing them sitting here from the table.

**The ACTING CHAIR:** Order!

**The Hon. DANIEL MOOKHEY:** I'm happy to—

**Mr MATT KEAN:** Continuing the theatre and muckraking that you've been doing for months—

**The Hon. DANIEL MOOKHEY:** I'll say this, Treasurer: If you don't mind taking on notice any view you want to give about my character, I look forward to reading it.

**Mr MATT KEAN:** Mr Mookhey—

**The Hon. DANIEL MOOKHEY:** Can we just go to the question now?

**Mr MATT KEAN:** This is not about your character.

**The Hon. DANIEL MOOKHEY:** The question here is really straightforward.

**Mr MATT KEAN:** This is a statement of fact, that you were a union official from the TWU.

**The Hon. DANIEL MOOKHEY:** I'm glad you've now had the chance to read your own budget, but now the question is this: Are you intending to deposit the cash surplus into the NSW Generation Fund from 2023-24?

**Mr MATT KEAN:** Mr Mookhey, we will review the situation as it changes. As I've said to you, whilst we're operating in cash deficit, it's not appropriate that we be putting deposits into the NGF.

**The Hon. DANIEL MOOKHEY:** Your budget paper says this—

**Mr MATT KEAN:** That is the Government's position and if it changes, we'll let you know, Mr Mookhey.

**The Hon. DANIEL MOOKHEY:** Thank you. Your budget—

**Mr MATT KEAN:** What I'd like you to change is your attitude today, which is the public waiting for an apology from the Labor Party about the inconvenience they're causing commuters in New South Wales.

**The Hon. DANIEL MOOKHEY:** Treasurer, the budget says this:

Contributions to the NGF are projected to resume in 2023-24, when the cash operating position is projected to return to a surplus of \$3.8 billion.



Given that your budget says that there's going to be a cash operating surplus in the next financial year of \$3.8 billion, can we assume that your Government is going to deposit \$3.8 billion into the NGF from next year?

**Mr MATT KEAN:** What you can assume is when the Government changes its policy settings, that we'll let the public know about it, including you, Mr Mookhey. But I have stated what our position is. These are projections—

**The Hon. DANIEL MOOKHEY:** Your half-year budget review—

**Mr MATT KEAN:** These are projections, Mr Mookhey. If you can understand the budget papers, which you profess to have read, which I highly doubt, then you would know they're projections and if those projections come to be true, then we will let you know about our changed policy.

**The Hon. DANIEL MOOKHEY:** Treasurer, your half-year budget review said that your projected balance—

**Mr MATT KEAN:** I know you want to spread misinformation and mistruths in your Trumpian, Second approach to budget estimates—

**The Hon. DANIEL MOOKHEY:** Treasurer, the half-year budget review said that your NSW Generations Fund—

**Mr MATT KEAN:** But the reality is we're here to deal in facts, not in your opinions. Stop playing your games.

**The Hon. DANIEL MOOKHEY:** —is going to have a balance of \$81 billion by the end of the decade.

**Mr MATT KEAN:** Stop spreading your misinformation and lies. We're going to deal with facts today, Mr Mookhey.

**The Hon. DANIEL MOOKHEY:** Treasurer, is your NSW Generations Fund going to have—

**Mr MATT KEAN:** I'm just waiting for an apology. The people of New South Wales—

**The Hon. Penny Sharpe:** Point of order—

**The ACTING CHAIR:** Order!

**Mr MATT KEAN:** —are waiting for you to apologise to them for the inconvenience that you're causing through your year of the strike.

**The Hon. Penny Sharpe:** Point of order: Direct relevance and allowing Mr Mookhey to ask his question.

**The ACTING CHAIR:** Please proceed, Mr Mookhey.

**The Hon. DANIEL MOOKHEY:** Treasurer, is your NSW Generations Fund, debt retirement fund, on track to have a balance of \$81 billion by the end of the decade as projected in the half-year review?

**Mr MATT KEAN:** We'll respond to the economic circumstances at the time. Mr Mookhey, we will make sure that we let the public know about our position. We'd like you to let the public know about your position on the year of the strike. We'd like you to apologise to the public for the inconvenience your union bosses—

**The Hon. Penny Sharpe:** Point of order: I've got some questions now. We'll move on.

**Mr MATT KEAN:** —your people on the admin committee have caused the commuters of New South Wales today—

**The ACTING CHAIR:** Order!

**The Hon. DANIEL MOOKHEY:** Point of order—

**Mr MATT KEAN:** —and ask them to call off their strike tomorrow, Mr Mookhey.

**The ACTING CHAIR:** Order! What's the point of order?

**The Hon. DANIEL MOOKHEY:** The point of order is direct relevance and question and answer, and my colleague has a question.

**The ACTING CHAIR:** I uphold the point of order.

**The Hon. PENNY SHARPE:** Minister, to go back to the pressure on electricity supply heading into 2024, do you guarantee that the energy gap will be able to be covered?

**Mr MATT KEAN:** With regard to the gap as outlined in the ESU or the Energy Security Target Monitor Report?

**The Hon. PENNY SHARPE:** We went through, before, the closure and impending closure and possible closure of a number of power stations. We went through the pressures on Mount Piper in relation to coal supply. We also talked about the ongoing delays with Snowy 2.0. There is an emerging gap. You've said you've got a lot of programs in place. I'm asking you here to guarantee that we're not going to have the lights going out in 2024 as the pressure on that gap to replace coal-fired energy becomes more obvious.

**Mr MATT KEAN:** Of course we'll guarantee that we will do everything to ensure that we keep the lights on and drive down electricity prices. That's what this Government has always done. Nothing will change, notwithstanding the challenging conditions that we've faced. Even in some of the most difficult conditions like we saw last month, we were able to meet our obligation to the public. We will always do our best and put in place the policies that will keep the lights on, drive electricity prices down and set this State up for a brighter and more prosperous future. I'll do that as Treasurer, as energy Minister and as a member of Parliament.

**The Hon. PENNY SHARPE:** Terrific. Minister, do you understand that there are more people applying for help to pay their electricity bills than ever before?

**Mr MATT KEAN:** Well, we've got some challenging economic circumstances. Inflation is obviously hurting families' hip pockets. That's not just inflation at the bowser; it's also inflation with regard to electricity bills. We are facing a unique set of circumstances when it comes to electricity bills. There is a confluence of events that are causing price hikes.

**The Hon. PENNY SHARPE:** You may not have this with you, sure. This verbiage is very interesting but I actually want to know how many additional people from last year—whether it's done by calendar year or financial year, I'm not sure, but I'm sure your officials will be able to tell us—have applied for assistance to pay their electricity bills. You can take it on notice if you need to.

**Mr MATT KEAN:** We can give you that answer this afternoon. But what I will say is that my expectation is that more people will be applying because of the increase in costs of electricity due to a number of factors, including the war in Ukraine, supply challenges, the wet weather that has impacted on coal, a number of rail lines being out and a number of existing coal generators not working when they need to.

**The Hon. PENNY SHARPE:** So you accept that people are paying more for electricity, despite what you have said previously?

**Mr MATT KEAN:** No. What I have said is that there are a range of factors that influence electricity prices, and what we have seen at the moment is a confluence of events that have caused challenges in the electricity market. You know that, Ms Sharpe. You've seen that. These are not because of the New South Wales Government's policies. They are occurring outside our control. You can't say that the New South Wales Government is responsible for the war in Ukraine. You can't say that the New South Wales Government is responsible for the unprecedented weather events which caused flooding of our coalmines and impacted our supply of coal. Let's get the facts on the table here. I know you're part of Mr Mookhey's use of these committees—

**The Hon. PENNY SHARPE:** The point that I'm making is that there are people sitting in our city as we speak who cannot turn on their electricity, who cannot afford their bills—who are too scared, because they've got people ringing them demanding the answers to their bills. I'm asking about what you're doing about that. And do you acknowledge that there are more people struggling in this city than there ever has been before, trying to pay their electricity bills? That is what I'm asking you. I'm not interested in you pointing the finger at everyone else.

**Mr MATT KEAN:** Can I answer the question?

**The Hon. PENNY SHARPE:** Please do.

**Mr MATT KEAN:** This is something that concerns me greatly, which is exactly why we have set aside \$324.8 million this financial year for energy rebates and \$128 million for our Energy Bill Buster program, which will not only see people—

**The Hon. PENNY SHARPE:** That's not the question that I'm asking you. I'm asking you how many people have applied and how much that has grown. I'm not asking about your total amount of money—

**Mr MATT KEAN:** We have put aside money. I have said to you, we will get you that this afternoon.

**The Hon. PENNY SHARPE:** I'm asking about how many people are doing it tough, and are they getting the help they need? That's what I'm asking.

**Mr MATT KEAN:** I have said to you we will provide you with those answers this afternoon. What I'm saying is that we've put aside money to support people with electricity bill pressures at this time, which will lower their bills and make it easier for them to deal with these challenges that we're facing as a system. It is not just New South Wales that's facing these challenges. It's Queensland, it's Victoria, it's South Australia—

**The Hon. PENNY SHARPE:** Thank you. I'm asking about New South Wales. I'd like to move on. Thank you, Treasurer. Treasurer—

**Mr MATT KEAN:** This is a global phenomenon, Ms Sharpe, and you know that. Stop being dishonest with this Committee.

**The Hon. PENNY SHARPE:** After your performance today, that's extraordinary. You delivered a budget that gives us \$182 billion worth of debt and \$43 billion worth of new spending. You declined to answer questions from the Hon. Daniel Mookhey earlier, when he asked about this. Why is it that we didn't see you for eight weeks after the announcement of your budget?

**Mr MATT KEAN:** I'm very happy to talk about debt. I think we should be talking about the debt—

**The Hon. PENNY SHARPE:** No, that wasn't my question. My question was why you didn't sell your own budget.

**Mr MATT KEAN:** —that you owe the union movement for their patronage in putting people into the upper House.

**The Hon. PENNY SHARPE:** Did you take leave? Why did you do no media for eight weeks after your budget came down?

**Mr MATT KEAN:** What is the debt that you owe Alex Claassens? Is that why you won't apologise for his industrial warfare on the commuters of Sydney at the moment, Ms Sharpe? I want to know why you're not apologising for the union activity that is inconveniencing thousands of commuters this morning and is going to do worse tomorrow.

**The Hon. DANIEL MOOKHEY:** Treasurer, are you planning to challenge Dominic Perrottet for the leadership of the Government?

**Mr MATT KEAN:** What a ridiculous question. Absolutely not.

**The Hon. DANIEL MOOKHEY:** Can you rule it out?

**Mr MATT KEAN:** Yes.

**The Hon. DANIEL MOOKHEY:** Great. Can I also ask you about the New South Wales Government revenue from Federation Funding Agreements? On page 4-18, your budget makes the extraordinary admission that we're giving back \$715 million to the Commonwealth because we've deferred planned capital expenditure beyond the forward estimates.

**Mr MATT KEAN:** What was the start of the question, please?

**The Hon. DANIEL MOOKHEY:** It is about your Federation Funding Agreements. It is extraordinary what your budget says.

**Mr MATT KEAN:** Which page?

**The Hon. DANIEL MOOKHEY:** On 4-18.

**Mr MATT KEAN:** *Budget Paper No. 1?*

**The Hon. DANIEL MOOKHEY:** Yes. It's extraordinary. Your budget is the first that I can recall that has actually said we're giving money back to the Commonwealth because we've deferred planned capital expenditure beyond the forward estimates—\$715.2 million, to be exact. Why are we giving the Commonwealth back \$715 million after we deferred the planned capital expenditure beyond the forward estimates, and what capital expenditure have we deferred, which means we now need to send the Commonwealth money back to it?

**Mr MATT KEAN:** We can provide you with the details of that this afternoon but, as you know, when the Commonwealth makes a contribution to infrastructure in New South Wales, they pay the—

**The Hon. DANIEL MOOKHEY:** We apparently give it back.

**Mr MATT KEAN:** We recognise the revenue up-front and we bill the project over the life of it, so—

**The Hon. DANIEL MOOKHEY:** Yes, and now we're late. And, as a result of your Government delivering these projects late, we're giving \$700 million back to the Commonwealth. Do you know which projects, that are subject to the Federation Funding Agreements—

**Mr MATT KEAN:** We can, of course, provide you with that information this afternoon, Mr Mookhey.

**The Hon. DANIEL MOOKHEY:** I presume it is either in infrastructure, health or education, because that is the nature of the Federation Funding Agreements. Given that this is—

**Mr MATT KEAN:** We can provide you that information this afternoon.

**The Hon. DANIEL MOOKHEY:** Do you mind going on to page 5-11, while you're in *Budget Paper No. 1* with me?

**Mr MATT KEAN:** Of course.

**The Hon. DANIEL MOOKHEY:** Because the other thing that is quite extraordinary about your capital expenditure reconciliation for the general government sector is that it shows that over the forward estimates we're going to underspend the capital budget by \$6 billion here, which is money deferred. You keep talking about how great you guys are at delivering infrastructure, but it is quite extraordinary. Dominic Perrottet never gave us a budget that included a \$6 billion downwards revision. What projects have been cancelled as a result that has led to you having to revise down \$6 billion and being the first Treasurer of the four or five of this Government's history to hand down a budget that says, "Sorry, we can't build infrastructure as promised"? What have you done wrong?

**Mr MATT KEAN:** Mr Mookhey, I'm not going to take lectures from the Labor Party on infrastructure delivery.

**The Hon. DANIEL MOOKHEY:** Well, take it from someone, because you're the one who has turned up here with a budget that is cancelling \$6 billion worth of spending—

**Mr MATT KEAN:** You're the people that built half a train line at double the cost with the Epping to Chatswood rail link—

**The Hon. DANIEL MOOKHEY:** —and, again, Treasurer, you seem to have no idea what is in your own budget. Given you don't know why you're handing back \$700 million to the Commonwealth, and you can't explain—

**Mr MATT KEAN:** It was meant to be out to the north-west. And you could only do half the infrastructure at double the cost. Your record of infrastructure delivery was appalling—

**The Hon. DANIEL MOOKHEY:** —you just don't know what's going on in your portfolio. You're too busy plotting in the Liberal Party to pay attention, aren't you?

**The ACTING CHAIR:** Order! Time has expired.

**The Hon. DANIEL MOOKHEY:** You're paying attention to your internal party numbers—

**Mr MATT KEAN:** It was absolutely appalling. You're resorting to insult rather than debating the facts, Mr Mookhey.

**The Hon. DANIEL MOOKHEY:** —but not these numbers. That's the case, isn't it Treasurer?

**The ACTING CHAIR:** Order!

**Mr MATT KEAN:** We haven't even seen a policy from you. When are we going to get a policy?

**The Hon. DANIEL MOOKHEY:** You have been far more concerned about becoming deputy leader and caring about those numbers—

**Mr MATT KEAN:** You're the brains of the operation in this outfit, and you can't come up with a single policy for the Labor Party. You're so busy playing silly games.

**The ACTING CHAIR:** Order!

**Mr MATT KEAN:** Mr Acting Chair, can I ask for a commercial break?

**The ACTING CHAIR:** You are finishing at 12.45 p.m. Do you want a five-minute break?

**Mr MATT KEAN:** I just want to excuse myself for one tick.

**(Short adjournment.)**

**Ms SUE HIGGINSON:** Treasurer, energy Minister, I believe the Committee may have had a discussion when I wasn't here about your emissions reduction targets. I will just take you there: 35 per cent by 2030 and then we up that to 50 per cent by 2030. That's our commitment?

**Mr MATT KEAN:** It is.

**Ms SUE HIGGINSON:** In the last three years your Government has approved nine new or expanded coal and gas projects, contributing 116 megatons of direct carbon dioxide emissions right here in New South Wales. Planned expansions of Mount Pleasant, Glendale and South32 will contribute an extra 34 megatons if they're approved. Your Government is suggesting they will be. Are we going to get there?

**Mr MATT KEAN:** Firstly, Ms Higginson, congratulations on your appointment to the upper House.

**Ms SUE HIGGINSON:** Thank you very much.

**Mr MATT KEAN:** Thank you for your time today. Yes, we anticipate that we are on target, based on the existing policy settings that we have in place, which include those issues that you've raised, to hit 50 per cent emissions reduction by 2030. But I'm very happy for Ms Parry to provide any further information, or Dr Wilson.

**Ms SUE HIGGINSON:** Can we suggest that we're just taking a very lazy approach to getting there when you factor in really what that increase in emissions will mean in the scheme of our direct emissions now?

**Mr MATT KEAN:** No, our policy in New South Wales is to reduce emissions. Our policy in New South Wales is where we can create jobs, drive investment and grow our economy whilst reducing our emissions, we'll put in place the policies to do that. That's why we've got some of the leading policies when it comes to emissions reduction on the electricity, when it comes to the electricity grid, electric vehicles, waste. We're moving into the agricultural space, and we've obviously got our Net Zero Industry and Innovation fund to help industry to decarbonise.

**Ms SUE HIGGINSON:** Do we think that they're carrying more burden than they should, compared with the industry that just seems to be getting a free ride?

**Mr MATT KEAN:** We know that obviously when it comes to electricity generation, for example, the cheapest way to replace existing generation is wind, solar, battery, pumped hydro and transmission. That's not me saying that; that's AEMO, the engineers who run the system. That keeps the grid reliable whilst driving down electricity prices. So where you've got technologies that can reduce our emissions but grow the economy, we should be rolling that out at scale. We can do that in certain sections of the economy, whereas in other sections of the economy we need to do more work to ensure that they too can contribute to reducing our emissions.

**Ms SUE HIGGINSON:** AEMO is also suggesting we don't carry on increasing coal and gas, along with most of the other world experts. What about scope 1 and 2 emissions? If you're responsible for leading this emissions reduction program, which I gather you are, and all of us having confidence in that, what about scope 1 and 2 emissions? Why are we not doing anything or requiring, in fact, any scope 1 and 2 emissions from these enormous emitters, our biggest emitters—our coal and gas? Why are we only requiring them "if possible", "where possible", "if feasible", "if reasonable", to lower or address their scope 1 or 2 emissions, which are the ones that your Government—you, leading the show—has clear responsibility to be able to do something about?

**Mr MATT KEAN:** What we've done is put in law clear targets to reduce our emissions by 50 per cent by 2030 and also hit net zero by 2050. There are now regulations. We've put in place policies to achieve that. We know that we're on track, based on the policies that we have, to hit 50 per cent emissions reduction by 2030, but we have more to do when it comes to reducing our emissions to net zero by 2050. That's why we need to be investing in technologies that will support those industries where we're not able to decarbonise in a way that doesn't hurt the economy to do so.

**Ms SUE HIGGINSON:** Are you suggesting the target—and what you've said—that's absolutely it for you, as long as you get there on the last day?

**Mr MATT KEAN:** No.

**Ms SUE HIGGINSON:** Then why are we not doing more? Scope 1 and 2 are the lowest hanging fruit possible for all of New South Wales and every single person in this community to know that we are doing something. I'm from Lismore, the frontier of the climate crisis.

**Mr MATT KEAN:** Yes, I get it.

**Ms SUE HIGGINSON:** We are all wondering why, for example, these enormous emitters don't even have to operate on 100 per cent renewable energy. Are any coalmines in New South Wales right now running on 100 per cent renewable energy, like most of us in our households are required to do?

**Mr MATT KEAN:** We've got a clear plan here in New South Wales to transition our entire grid to clean energy. That's our Electricity Infrastructure Roadmap. That's a plan that will require us to build 12 gigawatts of renewable energy and store that into the system by 2030 with two gigawatts of long-duration storage. That will help reduce not only our scope 1 emissions but also our scope 2 emissions because the users of that electricity will now be using clean electricity—so, for example, your mining operations, heavy industry. In addition to that, we've got our Net Zero Industry and Innovation Program—about \$1 billion—to help industry to decarbonise, including the mining industry. But we want to do it in a way that doesn't destroy jobs, that doesn't drive away investment and that grows our economy. That's the responsible way to manage the transition, Ms Higginson, in my view.

**Ms SUE HIGGINSON:** Are you aware that the Independent Planning Commission, which is responsible for approving these projects and putting conditions on these projects, has spoken out and said there's really no methodology, no clear guidelines, no way to properly require these enormous emitters to reduce their scope 1 and 2 emissions?

**Mr MATT KEAN:** With regard to the planning system?

**Ms SUE HIGGINSON:** When we're approving all these new projects—of which we are approving lots of them all the time—in your reduction emissions program.

**Mr MATT KEAN:** Yes, but the point that I'm making is that our plans to hit 50 per cent emissions reduction by 2030 are well in place. They apply to our electricity—

**Ms SUE HIGGINSON:** But 12 per cent are coming straight from these big emitters.

**Mr MATT KEAN:** I acknowledge that. What I'm saying is that we can hit 50 per cent emissions reduction here in New South Wales based on the policies that we've put in place, based on our Electricity Infrastructure Roadmap—

**Ms SUE HIGGINSON:** And not sooner?

**Mr MATT KEAN:** —based on our Electric Vehicle Strategy, based on our waste strategy, based—

**Ms SUE HIGGINSON:** So we're not trying to do it any sooner? We're not trying to really hit that target any sooner than 2030 or 2050—your targets? So for the people in Lismore and the people who are burning in the dry summers, we're not going to try any harder to get where we need to get any sooner than what your targets commit to?

**Mr MATT KEAN:** Absolutely we're trying as hard as we can, but we're doing it in a way that's going to not destroy the economy but it's going to support economic growth, it's going to support the creation of new jobs and industries. It's not going to destroy jobs. We're going to do it in a responsible way. That's what we're putting on the table. Where we can reduce our emissions but grow the economy, create jobs and new industries, we should do that. Where we don't have the technologies to be able to do that, we need to be investing in them, so that we can support regions, we can support communities whilst reducing our carbon footprint.

**Ms SUE HIGGINSON:** As the person responsible for leading this emissions reduction, perhaps you would commit to talking to your counterparts in Cabinet to say, "Can we get some more guidance for these giant emitters when it comes to their scope 1 and 2, put some downward pressure on them and give them some guidance about how to deal with their scope 1 and 2?". It's pretty embarrassing that they are operating and emitting their scope 1s and 2s at the level they are while everyone else around New South Wales is having to pull in their belts. It's pretty embarrassing, and it's happening under your watch.

**Mr MATT KEAN:** Ms Higginson, can I just respond by saying I want to make sure New South Wales is leading the way when it comes to reducing our carbon footprint.

**Ms SUE HIGGINSON:** Then stop approving coalmines.

**Mr MATT KEAN:** I think that's the right thing to do for the environment. I think that's the right thing to do for our economy. We need to be grabbing these economic opportunities, and I've put in place some of the most progressive and responsible policies that will ensure that we're able to do our bit. In fact, New South Wales is leading the way when it comes to carbon reduction because of the economically responsible policies that we've put in place, but setting us up to grab the new opportunities that are emerging as the world transitions to a low-carbon economy. We need to do it responsibly. But let me assure you we need to do it and I'm absolutely committed to it.

**Ms SUE HIGGINSON:** In terms of leading the way, Infrastructure Victoria was tasked by their Treasurer to provide advice on the future of their gas network and to have a look at stranded assets, that sort of

thing, and give advice on what we're doing, given the radical decline that will happen in gas, accepting their gas system is different to ours. But have you been tasked with testing the new pipeline proposals that we're seeing appear now? Santos has just purchased the new Hunter Gas. What do you think about that in terms of stranded assets et cetera? Do we just assume it's a private corporation, they can deal with what they do? Or are you looking at that in terms of what does that project mean in terms of your emissions reduction?

**Mr MATT KEAN:** As I said, we are on target to reduce our emissions by 50 per cent by 2030, based on the policies that we have in place—

**Ms SUE HIGGINSON:** So we'll just keep piping gas. We'll do it.

**Mr MATT KEAN:** No. What we're committed to is ensuring that we manage the transition responsibly. New South Wales is leading the way when it comes to the transition. In fact, we've got world-leading policies, to make sure we're doing our bit for the environment but also in a way that supports our economy. We'll continue to put in place policies that achieve that, Ms Higginson.

**Ms SUE HIGGINSON:** My time's up. Can I just finish on one point, if that's okay, not a question. As the shareholder in the New South Wales Forestry Corporation, I think it would be very wise for you to go and have a look at the money that is being spent on propping up the public native forest hardwood industry. It's pretty shocking.

**Mr JUSTIN FIELD:** He's been so advised. Treasurer, this is your implementation update. You'd be familiar with this document. It's the "We're on track" document. Just to Ms Higginson's point, page 28—it's very clear. It says here:

... the NSW Government policy is that the NSW Government's objective set out in this Plan, to reduce emissions by 50% below 2005 levels by 2030, is not to be considered in the assessment or determination of development and infrastructure applications under the Environmental Planning and Assessment Act 1979.

It's pretty much, "Ignore anything in this document if you want to consider a new coalmine." Right?

**Mr MATT KEAN:** What we're saying is that we're on track to hit those ambitious emissions reduction targets, based on the policy settings that we have in place. That's the Government's position.

**Mr JUSTIN FIELD:** But you're not on track at all. I'll just go back to this document, which I shared with you earlier.

**Mr MATT KEAN:** We are on track. We are on track. We are absolutely on track.

**Mr JUSTIN FIELD:** The New South Wales greenhouse gas emissions projections were published on the SEED portal on the twelfth of this month. I think it's the first time we've seen the actual assumptions and projections by the New South Wales Government per emissions sector out to 2050—agriculture going up from now to 2050, industrial processes going up between now and 2050. Transport goes up in every sector other than light vehicles. Waste flatlines. Worryingly, land use change—we actually abate less between now and 2050. We're actually going backwards in a number of these sectors.

**Mr MATT KEAN:** That's because we're taking a sector-by-sector approach to emissions reduction, Mr Field. As you well know, it's easier to reduce your carbon footprint in some sectors than others. In those sections of the economy where it is difficult to reduce emissions without destroying those sections of the economy, we're investing in the things and the technologies that are going to help us to do so—

**Mr JUSTIN FIELD:** A billion dollars on the innovation fund, you said before. Yes? How come industrial is going up between now and 2050 if you're spending \$1 billion dollars to help decarbonise industrial processes?

**Mr MATT KEAN:** Take for example one of the biggest users of energy or creators of carbon in the State—that's BlueScope. We haven't cracked or come up to a solution to make green steel yet. We haven't come up with a solution for Tomago to make green aluminium. We haven't come up with a solution for Boral to make green cement. So we're investing in the technologies that will help those companies find a solution to—

**Mr JUSTIN FIELD:** Not very effectively, if emissions between 2030 and 2050 in the industrial space go up by 80 per cent under your plan.

**Mr MATT KEAN:** Can I just finish? Because those technologies don't exist yet. We're going to help them find those technologies because we know, if Boral, operating down in the Southern Highlands, can produce green cement, then they can sell that technology, they can sell those products to the rest of the world—

**Mr JUSTIN FIELD:** Aviation, transport, heavy-duty vehicles, railways—all going up between now and 2050.

**Mr MATT KEAN:** We know that, if we help BlueScope to be able to produce green steel, there's a huge market for that.

**Mr JUSTIN FIELD:** Isn't it the case, Treasurer—let's be really clear. The net zero plan isn't a net zero plan. It's just documenting the commercial closure of coal-fired power stations, fossil-fuelled power stations in New South Wales. That's where almost all of your emissions reductions out to 2030 are coming from. What this document now shows, this information on the SEED portal now shows is you don't have a plan for the rest of the economy.

**Mr MATT KEAN:** That's not true.

**Mr JUSTIN FIELD:** It's pretty clear. We're nowhere near reaching it.

**Mr MATT KEAN:** We have our waste strategy. Look at waste.

**Mr JUSTIN FIELD:** But I am looking at waste. You get almost no emissions reductions between now and 2050.

**Mr MATT KEAN:** No. That's not true. We're taking a sector-by-sector approach, Mr Field.

**Mr JUSTIN FIELD:** These are your figures.

**Mr MATT KEAN:** We're investing in things that will help sectors that are hard to decarbonise to do so. We're committed to this, Mr Field. We're on track—

**Mr JUSTIN FIELD:** Land use change. It's not that hard. Stop cutting down trees. What you see is going from a net abatement in here of about 10 million tonnes per annum to a net abatement of less than 1.5 million tonnes. So, actually, we're going backwards by a long way in the land use change under your own policies.

**Mr MATT KEAN:** What we're doing is taking a sector-by-sector approach to reducing our carbon emissions. We're doing so in a way that is economically responsible. Where we can roll out technologies, at scale, that will reduce emissions but create jobs and grow our economy, we will do so. That's why we're doing it in the energy space.

**Mr JUSTIN FIELD:** The evidence suggests otherwise, from your own figures. Treasurer, I might move on.

**Mr MATT KEAN:** Look at the energy line here. It says exactly that, Mr Field.

**Mr JUSTIN FIELD:** The Star has, basically, not been paying its gaming taxes fairly. I think it's announced today it owes you about \$8.7 million from unpaid taxes as a result of how it was designating certain gamblers. Are they going to pay any penalty as well as pay their back taxes?

**Mr MATT KEAN:** I'm going to make sure that New South Wales taxpayers get the taxes that they're owed from outfits like The Star. If they're not doing the right thing, we'll come after them.

**Mr JUSTIN FIELD:** Will they pay a penalty as well?

**Mr MATT KEAN:** We'll come after them if they're doing the wrong thing. Dr Grimes, is there anything you'd like to add?

**PAUL GRIMES:** There's nothing more that I can add at this stage. But I'm sure that we'll be looking very, very closely to see whether there are penalties that will be applied. That will be done by Revenue NSW.

**Mr JUSTIN FIELD:** Some of the revelations at The Star inquiries—one of them was \$175 million by one individual through the poker machines, I think, over 10 years. Laundered money, \$175 million. That was just at The Star. We've now got the crime commission looking at organised crime as it relates to poker machines in clubs and pubs. Have you done any analysis, Treasurer, on how much the New South Wales Government has received in gaming machine and other gambling taxes which are the proceeds of organised crime?

**Mr MATT KEAN:** I haven't done that analysis, no. Minister Dominello, I am sure, has looked into this.

**Mr JUSTIN FIELD:** I'm not sure. He might've before he was dumped from the ministry.

**Mr MATT KEAN:** He hasn't been dumped from the ministry. That's just wrong.

**Mr JUSTIN FIELD:** He was dumped from that portfolio, some time ago.

**Mr MATT KEAN:** He wasn't dumped. He's still a Minister of the Crown.

**Mr JUSTIN FIELD:** Some might say "promoted". I'm not sure. He had some controversial views on a way forward here, including dealing with this issue. But, as you would know, someone like Philip Crawford, the



Independent Liquor & Gaming Authority chair, has flagged in the media perhaps as much as 20 per cent or 30 per cent of money going through poker machines in New South Wales are the proceeds of crime. You're a pretty big recipient of the proceeds of crime, then, through gaming machine taxes. Are you not concerned about this as Treasurer? It's a pretty big income source for the State.

**Mr MATT KEAN:** I'm, obviously not going to sit here and allow organised crime to exist in New South Wales. That's why we have a strong regulator when it comes to overseeing casinos and overseeing organised crime. We've got a strong police force. I will continue to invest in that and support the efforts to stamp out organised crime in New South Wales. To suggest that we'd be indulging that is just absurd, absolutely absurd.

**Mr JUSTIN FIELD:** There's a pretty clear recommendation to address this, which is to go to cashless gaming. You'd support that, then, if it was going to reduce organised crime money laundering through gambling in New South Wales?

**Mr MATT KEAN:** We need to be stamping out organised crime in New South Wales and, indeed, across the country. That's going to be my focus.

**Mr JUSTIN FIELD:** Including through moving to cashless gaming?

**Mr MATT KEAN:** We're going to be stamping out organised crime in New South Wales. I absolutely want to be part of that.

**Mr JUSTIN FIELD:** Including reducing the amount of money that people can feed into a poker machine?

**Mr MATT KEAN:** In any form. There should be no place for organised crime in New South Wales.

**Mr JUSTIN FIELD:** Treasurer, in your capacity as energy Minister, Hunter Gas Pipeline, I think, have moved to get an authority to start surveying the route, contacting landholders. There's a lot of concern up there, in the Hunter Valley, that the project as now proposed is outside of the conditions of approval. What's the status of the authority to survey that they've applied for?

**Mr MATT KEAN:** I might hand that to Ms Parry.

**RACHEL PARRY:** Thank you. I'm just going to confer with Mr Lewis. But, in essence, they're granted an ATS under the Pipelines Act. That enables the holder to access land—

**Mr JUSTIN FIELD:** Sorry, did you say that they have, Ms Parry?

**RACHEL PARRY:** No.

**Mr JUSTIN FIELD:** They've applied.

**RACHEL PARRY:** They've applied. So are you asking about the current status or what that application would enable them to do?

**Mr JUSTIN FIELD:** I'm asking about the status of the application.

**ANDREW LEWIS:** Thank you, Mr Field. We have received an application for an authority to survey. We have done an initial review and found that they have submitted all the information that is required, but we have not made an assessment about whether it meets the appropriate threshold to make a recommendation to the Minister for his determination of an authority to survey. And at the moment, as part of this process, we have engaged in an eight-week consultation process with directly impacted landholders by writing to them and seeking their feedback on the ATS application, including any potential conditions that would be applied to an authority to survey, if it were to be granted by the Minister.

**Mr JUSTIN FIELD:** We might come back to some of the detail this afternoon. Treasurer, this has been dragging on and on. They've applied before. I think the original approval goes back some time. They've now got a different route. They've applied for an authority to survey. I think a number of years ago it wasn't good enough. They've applied again. Landholders are just being dragged all over the place here, uncertain about their future, unable to invest on their land and worried about where this pipeline might go. Victoria is making moves to help households and businesses shift off gas. Wouldn't that be a much better strategy for New South Wales to apply, rather than focusing on a new pipeline that's probably not going to be needed in the future?

**Mr MATT KEAN:** The Government's always looking at ways to get the best outcomes for energy users across New South Wales and we'll continue to do that.

**Mr JUSTIN FIELD:** What about landholders?

**Mr MATT KEAN:** And landowners.

**The ACTING CHAIR:** Mr Field, your opportunity for questioning the Treasurer is now over. Any Government questions?

**The Hon. SCOTT FARLOW:** Yes. We do have a couple. Thank you, Treasurer, for being here. Treasurer, would you please clarify to the Committee that following today's industrial chaos across New South Wales, who should be apologising for this?

**Mr MATT KEAN:** I'm very disappointed that Mr Mookhey, the shadow Treasurer of New South Wales, the man who wants to be in charge of the biggest State economy in the nation, has run away without apologising to the people of this State who were inconvenienced by the union industrial chaos caused by his bosses like Alex Claassens this morning. It is absolutely disgraceful. And Ms Sharpe is still here. She has got a chance to apologise on behalf of her union bosses for the industrial chaos caused this morning. I'm absolutely appalled. This is costing the State tens of millions of dollars every single day of the week. And Mr Mookhey, rather than just running away from the industrial sabotage that his bosses have waged on the people of New South Wales, should stand up and apologise to the people of this State.

**The Hon. SCOTT FARLOW:** Thank you, Treasurer. You were asked as well about the agent general in your office. Were there any meetings with the agent general. Is there anything further you wanted to add? I think you were rudely cut off as those questions were being asked.

**Mr MATT KEAN:** I was rudely cut off a few times today and I would like to finish my answer to that question. I've not had any meetings with the agent general according to my records. My office received a meeting request from the head of the net zero economy in Investment NSW in April 2022 to meet with the Octopus Group. My office declined the request as it was in the midst of the budget process.

**The Hon. SCOTT FARLOW:** Thank you, Treasurer. That's all from the Government.

**The ACTING CHAIR:** I think questions have now come to an end. I note that you did say you would supply us with some information before the day was out. I can't exactly remember what it was.

**Mr MATT KEAN:** We'll get it to you.

**The ACTING CHAIR:** I'm sure you will.

**The Hon. PENNY SHARPE:** How many people have had to get help with their bills.

**Mr MATT KEAN:** We'll get it to you.

**The ACTING CHAIR:** Thank you very much. We will now break for lunch and resume at two o'clock.

**(The Minister withdrew.)**

**(Luncheon adjournment)**

**Mr PETER ACHTERSTRAAT**, NSW Productivity Commissioner, NSW Treasury, sworn and examined

**Mr STEWART WALTERS**, Chief Finance and Operation Officer, NSW Treasury, sworn and examined

**Mr DAVID DEVERALL**, Chief Executive Officer, NSW Treasury Corporation, NSW Treasury, sworn and examined

**The ACTING CHAIR:** We will resume with the afternoon session.

**The Hon. DANIEL MOOKHEY:** Secretary, I want to pick up from where we were this morning in respect to the Treasury Managed Fund. I think where we left it off was the fund was at 102 per cent funding ratio prior to the recommendation for there to be the provision of additional funds. Was that correct?

**PAUL GRIMES:** I believe so. But if it'd be corrected, one of the officers will correct me. It was below 105, that's for sure.

**The Hon. DANIEL MOOKHEY:** It was at 102 per cent. Do you know the date that the Treasurer signed off on the—what was it?—\$1.9 billion additional money?

**PAUL GRIMES:** I might have to refer to Mr Midha for that level of detail.

**SAN MIDHA:** I don't have the exact date. It was in June, I believe, but I can confirm that and come back to you.

**The Hon. DANIEL MOOKHEY:** I'd appreciate that. What is the current funding ratio?

**SAN MIDHA:** I need to check on that. At the moment I think it's above 105, but I don't have the exact number.

**The Hon. DANIEL MOOKHEY:** What was the net result for the TMF for the financial year that ended on 30 June 2022?

**SAN MIDHA:** Are you talking about the balance?

**The Hon. DANIEL MOOKHEY:** No, the operating result. That's generally claims minus inflows.

**SAN MIDHA:** I don't have the operating result of the TMF.

**The Hon. DANIEL MOOKHEY:** That's okay. We can check with icare on Friday—

**PAUL GRIMES:** We can get that information and provide that back during the course of the afternoon.

**The Hon. DANIEL MOOKHEY:** I would appreciate that. Secretary, the \$1.9 billion—let me go back in time. When the former Treasurer transferred \$2 billion to the TMF, it was from the Crown finance entity. The Crown finance entity has now been dissolved, hasn't it—or is not used as a department anymore?

**PAUL GRIMES:** Mr Walters would be able to assist you with that.

**STEWART WALTERS:** The Crown Entity still exists as a construct. What we have done, though, is now make sure that it is more in line with accounting treatment, whereby we've broken up the expenditure into Treasury controlled and Treasury administered. It would be fair to say that the vast majority of costs that were previously categorised as the Crown are now reflected and disclosed as Treasury administered. It was never a formal legal entity as such. We've now disclosed it as part of the Treasury accounts.

**The Hon. DANIEL MOOKHEY:** Given the original \$2 billion bailout was booked on the Crown finance entity accounts, where will the \$1.9 billion show up in the State's accounts?

**STEWART WALTERS:** For the 2022 year, it will show up under "administered costs".

**The Hon. DANIEL MOOKHEY:** So has the \$1.9 billion come from consolidated revenue?

**STEWART WALTERS:** Correct.

**The Hon. DANIEL MOOKHEY:** As a result of this, it's \$1.9 billion—can you point to me where in the 2021-22 budget there was a \$1.9 billion provision made for the TMF?

**STEWART WALTERS:** I'll endeavour to look that up and come back to you.

**The Hon. DANIEL MOOKHEY:** I'm talking about last year's budget. I can't find anything in last year's budget.

**STEWART WALTERS:** Sorry, 2021-22?

**The Hon. DANIEL MOOKHEY:** Yes.

**STEWART WALTERS:** I'll have to get a copy of that.

**The Hon. DANIEL MOOKHEY:** Or was it budgeted for last year? That's to you, Mr Midha, as well.

**STEWART WALTERS:** Can't comment.

**The Hon. DANIEL MOOKHEY:** Mr Midha, did we budget \$1.9 billion in last year's budget to bail out the TMF?

**SAN MIDHA:** It was in the last year's budget? No. It was in this budget for 2021-2022. It wasn't in the 2021-22 budget.

**The Hon. DANIEL MOOKHEY:** Where in the budget is it disclosed that we've taken out \$1.9 billion?

**SAN MIDHA:** I'll come back to you on that one.

**The Hon. DANIEL MOOKHEY:** Can we move onto the Federation Funding Agreements. Have we been able to establish what the \$775 million cheque was that we gave back to the Commonwealth, what that covered?

**PAUL GRIMES:** Yes. I'll hand over to Mr Midha.

**SAN MIDHA:** So the money isn't handed back. What we do is we work out the payments from the Commonwealth based on the profiling of our CapEx—so CapEx profile over the last four years. Because we have capital slippage in there and as that's moved into the planning years—that amount has been moved into planning years on the potential completion of these projects.

**The Hon. DANIEL MOOKHEY:** What projects have slipped?

**SAN MIDHA:** The way we calculate capital slippage—and that is as a percentage of the overall portfolio. It's not done project by project. There's an algorithm that we use to work out what the potential capital slippage is. We build that into the 2022-23 year—of total amount. It's not a one-off. We do this on a regular basis. It's a capital slippage range between 10 per cent and 15 per cent. Last year for 2022-23 it was a little bit higher based on market constraints and the feedback we get from each of the infrastructure agencies—working with INSW, the algorithm then calculates the number. Once that flows through, we also ensure that a percentage of projects that have funding from the Commonwealth are also then readjusted as a percentage.

**The Hon. DANIEL MOOKHEY:** No doubt. I appreciate the explanation. But the \$750 million downward revision due to the deferral of planned capital expenditure isn't to next year or the year after; it's to beyond the forward estimates. That's what it says. It's gone. The other variations that are recorded in the forward estimates we'll get to, but can you give me any sense as to which projects have we had to reprofile now to outside the forward estimates on the capital side that were entitled to Federal funding?

**SAN MIDHA:** We roll the capital slippage year by year. The capital slippage is actioned every year, so as you get to the last few years, it moves into the forward years. It's not done by project. It's done on a portfolio basis.

**The Hon. DANIEL MOOKHEY:** Sure. But surely \$715 million of reprofiling to beyond the forward estimates is not a small amount of money. Can we give any sense as to which projects across the entirety of the capital program that were entitled to funding through a Federation Funding Agreement have now been put beyond the forward estimates? Look, I'll even settle for if you can tell me a portfolio—is it Health? Is it schools? Is it infrastructure? What are we talking about here?

**SAN MIDHA:** Again, it'd be a combination. Because the largest part of the portfolio is in Transport, I would expect mostly in Transport and particularly on roads. We get 80 per cent of funding for a lot of roads—80 per cent of the funding comes from the Commonwealth. It does have to be a lot of—it can be spread over a number of different projects. But I would say our current portfolio is, about 70 per cent or 75 per cent is Transport. I would assume 75 per cent on that ratio, it would be Transport.

**The Hon. DANIEL MOOKHEY:** These Federation Funding Agreements finish. So we've now deferred this entitlement to \$715 million to beyond the four-year agreement. It says they expire here. I think 2025-26 is what we've established where a lot of these Federation Funding Agreements are due to expire. So there's no guarantee we're getting the money back, is there?

**SAN MIDHA:** The Commonwealth funding is determined based on the actual completion of the projects. As the projects are completed, then that funding is provided.

**The Hon. DANIEL MOOKHEY:** Sure. But the agreements need to be renegotiated, do they not?

**SAN MIDHA:** I'll have to take that on notice. I'm not sure exactly on the technical nature of the agreements.

**The Hon. DANIEL MOOKHEY:** But can we guarantee that all of a sudden the money we've now handed back to them in 2022-23 won't be denied to us in 2025-26 when we start to renegotiate these agreements?

**SAN MIDHA:** The 2022-23 slippage—most of it would've been completed in the next three years. The slippage from the following year or the year after is probably what we're moving to in the planning years.

**The Hon. JOHN GRAHAM:** I just want to ask a little bit further on that capital slippage issue. What's the observed capital slippage in recent years that you're now building this algorithm off for the general government sector?

**SAN MIDHA:** Sure. If you go back 10 years, it's always been around between 10 per cent and 15 per cent. It had gone up through COVID between—above 15 per cent. In 2022-23 we have budgeted about 21 per cent impact of the total capital program. We believe it'll slip into the following years.

**The Hon. JOHN GRAHAM:** That's the \$8 billion that's referred to on page 511 of the budget papers?

**SAN MIDHA:** That's right.

**The Hon. JOHN GRAHAM:** So \$8 billion of capital expenditure allocated for 2022-23 will actually not occur—is Treasury's estimation—in 2022-23?

**SAN MIDHA:** That's the estimated slippage, yes.

**The Hon. JOHN GRAHAM:** I turn to page 5-11 of *Budget Paper No. 1*. Table 5.3 shows the capital expenditure projected for the year in the budget as \$22.666 billion. You're actually saying on top of that, another \$8 billion has been programmed but will not occur.

**SAN MIDHA:** It's not expected to occur; that's right.

**The Hon. JOHN GRAHAM:** So it's been programmed and may have been promised to the public to occur in this financial year, but it will not occur. Is that correct?

**SAN MIDHA:** It's not necessarily the full program; it could be bits of lots of programs that could be carried into the following years.

**The Hon. JOHN GRAHAM:** When my colleague says, "Can you give us some understanding of where this is?", this has been allocated by agency, hasn't it? Much of that \$8 billion has been allocated by agency. Is that correct?

**SAN MIDHA:** No, we do it as a central provision.

**The Hon. JOHN GRAHAM:** Yes, but you're saying none of this is allocated to an agency or a cluster.

**SAN MIDHA:** No.

**The Hon. JOHN GRAHAM:** Can you turn to *Budget Paper No. 3* at page 1-10?

**SAN MIDHA:** Yes.

**The Hon. JOHN GRAHAM:** This is table 1.2. In the 2022-23 year that "Other" figure down the bottom, \$2.523 billion, also "includes provisions and slippage forecasts not allocated to an agency", if you look at footnote (d).

**SAN MIDHA:** Yes.

**The Hon. JOHN GRAHAM:** So essentially, a shorthand way to describe that would be a couple of billion dollars have not been allocated to an agency for capital slippage. I would have therefore assumed that the rest of the \$8 billion slippage has been assigned to an agency or a cluster. Are you saying that's not the case?

**SAN MIDHA:** This sounds like very specific items. I'll have to take that on notice and come back to you on how much of the \$8 billion is in here versus the balance that's in the provision.

**The Hon. JOHN GRAHAM:** Let me put my colleague's question again, because it'd be quite surprising not to know this. This financial year, do we really not know which agencies—which clusters—will be impacted by that \$8 billion that's been promised but that Treasury expects will slip out of the expenditure this year?

**SAN MIDHA:** It happens every year that we do make a provision, so we believe that \$8 billion is the number for 2022-23 and we've held that centrally. Yes, it's held centrally.

**The Hon. JOHN GRAHAM:** You are saying this is 21 per cent of the planned capital expenditure you say the Government will fail to actually get it out into the field. It may have been promised, but it will fail to be spent on those projects in this year.

**SAN MIDHA:** This is our estimate of the amount of cash that will go out the door—it will be \$8 billion less than the total amount that's been projected.

**The Hon. JOHN GRAHAM:** Can you tell us what that figure is? Almost \$8 billion is an astonishingly high number in this financial year. It drops to \$50 million in 2025-26.

**SAN MIDHA:** Yes.

**The Hon. JOHN GRAHAM:** What is the estimated capital slippage for the general government sector in the next two financial years?

**SAN MIDHA:** I don't have that off the top of my head; I will take that on notice.

**The Hon. DANIEL MOOKHEY:** Just on that \$8 billion slippage, do you lower the State's borrowing requirements accordingly?

**SAN MIDHA:** Yes, that would lower the State's borrowing requirement.

**The Hon. DANIEL MOOKHEY:** So looking at the cash projections on the back of the budget, we should basically deduct \$8 billion from what TCorp has to borrow for at least the coming year.

**SAN MIDHA:** Yes, we've already done that, so our borrowings have adjusted for it.

**The Hon. DANIEL MOOKHEY:** Right, that clears that part up for me.

**The Hon. JOHN GRAHAM:** So who does know? As my colleague said, the Treasurer announced an enormous amount of money in the State budget—perhaps \$42 billion in new spending. Communities have been promised that capital expenditure, but this asterisk on page 5-11 of *Budget Paper No. 1* says \$8 billion of it will never reach their town or their suburb. Who does know which of those projects will not be delivered this financial year?

**SAN MIDHA:** This is a budget estimate, so we have estimated that we won't need \$8 billion of cash. We have done this every year for the last 10 years and so our capital program is adjusted, taking historical, taking actual market trends and taking feedback from agencies on the challenges in delivering a record capital program in the year. So we need to adjust that.

**The Hon. JOHN GRAHAM:** But, Mr Midha, you say in three years that will be down to just \$50 million. This financial year it's \$8 billion.

**SAN MIDHA:** Yes.

**The Hon. JOHN GRAHAM:** An astonishing number. Has it ever been this high?

**SAN MIDHA:** No, it hasn't been this high.

**The Hon. DANIEL MOOKHEY:** But the State's return to a cash surplus next year, which then gets put into the NGF, arises from the fact that we're not actually spending the money that we put aside for schools, hospitals and trains. I'm looking at the projections on the cash surplus, and it's \$3.9 billion next year.

**SAN MIDHA:** The cash surplus doesn't get put into the NGF. The \$3.8 billion does not get put into the NGF.

**The Hon. DANIEL MOOKHEY:** Your budget paper says when there's a resumption of a cash operating position that's in surplus that that's going into the NGF.

**PAUL GRIMES:** The point that the Treasurer is making today is the Government keeps any payments into the NGF under review and under active review. From an estimates perspective, the payments are projected to return once the budget is in an operating cash surplus.

**The Hon. DANIEL MOOKHEY:** Indeed, but my whole point about the budget returning to an operating cash surplus is it arises from the fact that there's a capital slippage.

**PAUL GRIMES:** Yes, I understand the point you're making.

**The Hon. DANIEL MOOKHEY:** Hence the question: What do we expect the slippage allowance to be for the 2023-24 year?

**PAUL GRIMES:** We're also combining—we're potentially not distinguishing between operating and capital expenditure here. The capital amounts that would be slipping would be accounted for as capital items rather than as operating cash items.

**The Hon. DANIEL MOOKHEY:** Okay, I appreciate that.

**PAUL GRIMES:** So the cash operating surplus for next financial year relates to operating expenditures, not to capital expenditures.

**The Hon. DANIEL MOOKHEY:** Yes, I take your point.

**The Hon. JOHN GRAHAM:** Dr Grimes, can I ask a more specific point, then, as a transport shadow in the Opposition. As Mr Midha has correctly observed, a lot of this capital expenditure that's been promised by the Treasurer this financial year is in the Transport area. For Transport, how much of that \$8 billion will never hit the town or the suburb this financial year, in Treasury's estimation?

**PAUL GRIMES:** As Mr Midha has indicated, the estimates provision is made at an aggregate level, so it is not made at an individual project or individual portfolio level. It's made at an aggregate level. We simply do not make that attribution to specific projects or specific portfolios. It's based on an established tendency over a number of years now to see slippage in the capital projects expenditure. New South Wales is not alone in this; we're seeing it, really, right across the board.

**The Hon. JOHN GRAHAM:** I understand. Why does the budget later, in *Budget Paper No. 3*, refer to "slippage forecasts not allocated to an agency" if they're all not allocated to an agency? Why is that a footnote to a number that's a lot smaller than \$8 billion?

**PAUL GRIMES:** I would have to take that on notice, Mr Graham.

**The Hon. JOHN GRAHAM:** So your evidence is Treasury just has no idea which of that \$8 billion of Transport infrastructure that the Treasurer has promised will not be delivered this financial year.

**PAUL GRIMES:** What I'm saying is that when that provision is made, that provision is made at an aggregate level and is determined on that basis. For very specific project estimates, you're best to direct those questions to the Transport portfolio.

**The Hon. JOHN GRAHAM:** Does the algorithm that Mr Midha referred to differentiate between the Transport agency, and its tendency to capital slippage, or other agencies?

**PAUL GRIMES:** I'd have to refer that to Mr Midha.

**SAN MIDHA:** We look at more like tier 1, tier 2 projects, because the larger the projects, the greater the risk. We get feedback from Transport and the different agencies and also feedback from INSW, so that's factored in. But we don't specifically pick out individual projects, just the volume of tier 1 projects that could be impacted. For example, we would exclude land sales, because that's not impacted. There's no pressure in acquiring land, not usually.

**The Hon. JOHN GRAHAM:** So it's actually based on quite a detailed analysis of the Transport projects.

**SAN MIDHA:** It is a lot of detailed analysis, yes.

**The Hon. JOHN GRAHAM:** It sounds, Mr Midha, as if you do know or you do have some knowledge of how much of that \$8 billion might be attributable to Transport.

**SAN MIDHA:** We don't have that. We don't actually do it at a detailed project level. Like I said, we look at all tier 1 projects, for example.

**The Hon. JOHN GRAHAM:** I'm not asking about a project level; I'm asking about an agency or a cluster level.

**SAN MIDHA:** I can take that on notice and have a look at it, but we do do it at an aggregate level.

**The Hon. DANIEL MOOKHEY:** The budget provides for \$22.666 billion in capital spending for the coming financial year that we're already in, and so \$8 billion of that works out to be 35 per cent. That has to be a record high in terms of capital slippage. If the 22.666 that we're putting aside for capital includes an allowance for \$8 billion, and you're therefore only expecting 14 of it to be spent, it works out to be 35 per cent. I've never seen this before.

**SAN MIDHA:** Twenty-one per cent of the total number, so that's the \$8 billion.

**The Hon. DANIEL MOOKHEY:** It is extraordinarily high.

**SAN MIDHA:** It used to be—

**The Hon. DANIEL MOOKHEY:** What's changed from this year—

**SAN MIDHA:** —10 per cent to 15 per cent.

**The Hon. DANIEL MOOKHEY:** —to last year that has caused the capital slippage allowance to have to go up by so much?

**SAN MIDHA:** Last year was—I'll have to look at the number, but I think it was north of 15 per cent, so it has been very high through COVID particularly.

**The Hon. DANIEL MOOKHEY:** Of course.

**SAN MIDHA:** We've had a lot of market constraints and a lot of delivery constraints. That's what has driven up this increase. Also, this is a record capital spend too, so when you factor that in—

**The Hon. JOHN GRAHAM:** But our concern is this: The Treasurer has promised in the budget that these projects will get to your town or get to your suburb. That won't happen for all of these projects. Do you agree with that, Dr Grimes?

**PAUL GRIMES:** I think it's slippage, not that the projects wouldn't be delivered. It is slippage in projects.

**The Hon. JOHN GRAHAM:** Yes. But you agree that \$8 billion—this footnote, or this asterisk, says that \$8 billion of those projects will not be delivered this financial year.

**PAUL GRIMES:** Expenditure on those projects would not be incurred this year.

**The Hon. JOHN GRAHAM:** Despite the budget promises? That's a question to you, Dr Grimes.

**PAUL GRIMES:** All I can do is answer directly that the provision is made that \$8 billion of expenditure will slip. But it is expenditure slipping, not necessarily individual projects.

**Ms ABIGAIL BOYD:** Thank you to all of you. I want to start with TAHE. I know there have been a couple of questions already asked in relation to TAHE, but specifically—I'm not sure who to direct this to—I'm interested in the Auditor-General's recommendations from the last budget or the past financial year, in particular the recommendations that the ABS be asked to reconfirm classification. Is someone able to give me an update on how that work is going?

**PAUL GRIMES:** Yes, we're able to give you an update on that work. Mr Walters will be able to give you an update.

**Ms ABIGAIL BOYD:** Thank you.

**STEWART WALTERS:** Ms Boyd, we did undertake to put a paper to the ABS on TAHE and on the trains at the request of the audit office, and it was the right thing to do. We've done that. We created a submission, and we took the Auditor-General's team through that. They had their review. That ended up with a submission, for which TAHE—we have now received back from the ABS an affirmation of the current status, being a PNFC. We are yet to receive back their classification review feedback on the two train operators.

**Ms ABIGAIL BOYD:** So you've received back reconfirmation of TAHE, but not of NSW Trains and Sydney Trains as entities.

**STEWART WALTERS:** Correct. There were two elements. There was TAHE and trains, and we did them separately—separate submissions. They've got different time lines, but TAHE, I can confirm, has been received back in reconfirming the current classification.

**Ms ABIGAIL BOYD:** Are we likely to see a delay in the Auditor-General's report again this year?

**STEWART WALTERS:** Not expecting one, Ms Boyd.

**Ms ABIGAIL BOYD:** Could I ask you about something completely different? The RFS—the rural firefighting equipment currently seems to not have a home. Let me go backwards. In June this year, the Auditor-General sent a letter out to councils basically saying that the councils are now required to include rural firefighting equipment in their financial statements. Do you know about this issue? That request from the Auditor-General was made on the basis of, apparently, the NSW Treasury concluding that, under the accounting



standards, rural firefighting equipment vested to councils by legislation is not controlled by the State. Can I get some understanding of why that decision was made or why it was seen that councils were the ones with control over these assets?

**STEWART WALTERS:** Just to provide some context, if I may, since 2017 the RFS has confirmed that it does not control the "red fleet" assets. Treasury did a technical assessment against the accounting standards—principally AASB No. 10, but also No. 15—in relation to those assets and confirmed that in 2018. Again, we relooked at that from a technical perspective—my officers—in 2021 and have reaffirmed that, on balance, the RFS does not control those assets. There is a very detailed assessment, but if I could summarise, for your benefit—

**Ms ABIGAIL BOYD:** Please.

**STEWART WALTERS:** —the key elements, that assessment determined that councils are responsible for establishing the brigades. They have a legal requirement for bushfire prevention and, indeed, as you pointed out, the assets are vested in councils. On balance, my team concluded that they are not controlled by RFS—sorry. They are not controlled by RFS so, on balance, it would appear that they are controlled by councils. The Auditor-General has audited the accounts of both the State—including the RFS, obviously—since then and the councils. They have, I would suggest, agreed with our determination, hence the exclusion in RFS has not resulted in any qualification or adverse comment. That much we know. As you pointed out, the Auditor-General has written to councils to ask them, "Please, would you include them in your accounts? They need to be included somewhere."

**Ms ABIGAIL BOYD:** The problem arises because, from a practical perspective, councils don't control these assets. They don't know where they are and how many there are. They have no direction over those assets. They have absolutely no visibility of what those assets are. By asking them to include them in their accounts—it's an impossibility. I'm not as familiar with the accounting standards as you are, but was that included—the practical control aspect?

**STEWART WALTERS:** Ms Boyd, I can't comment on all of the precise thinking that was gone through over weeks of assessment. What I can assure you of is that my accounting officers would have gone through all the requirements under the accounting standards, seeing it through, dare I say, primarily the accounting standards lens rather than the practical. They would look at the accounting standards. You did make a point around the councils having the information to hand. I should note that we have obtained more recently the listings of the assets from RFS and indicative costs and have provided those through to the president of the local councils association to assist them with that.

**Ms ABIGAIL BOYD:** It's a bit of a fiction though, isn't it? We have a situation where there are assets, which the RFS knows where they are and the RFS directs where they go, yet we are asking councils to treat them as though they are in their control by giving them a list and telling them, "By the way, these are the ones that are in your area." It doesn't seem to make any sense as to why it would've been done that way instead of just saying that, given that they are practically controlled by the RFS—if there was a discretion on balance, that you would've just left them with the RFS.

**STEWART WALTERS:** I'm happy to take this on notice. As I understand, the RFS doesn't control the assets from a day-to-day perspective. The brigades control them at a practical level on the ground, generally on council land. As I understand, the RFS is more of a central bureaucracy that controls standards and gets involved when there is a major bushfire event. It's the local brigades that are volunteers on the ground that are there day to day and control the actual assets.

**Ms ABIGAIL BOYD:** Okay, but they're not directed by council in any way. I guess the problem arises because councils now have one of two options—either they suddenly recognise these assets on their accounts, despite not actually really having any control over them, and then they're the ones that have to recognise the depreciation of the assets and all sorts of things. It could make quite a big dent in their accounts for something that they don't control. The alternative is that they can't really quantify what those assets are. They don't believe them to be in their control and then presumably they'll all get qualified reports when they're audited, because it goes against what the Auditor-General is saying. It is putting these councils in quite a sticky position.

**STEWART WALTERS:** If I could make two or three comments. I certainly don't claim to be on the ground in councils or in RFS. I'm seeing this and trying to assist through the lens of the accounting advice. I do understand that the Auditor-General called out—and I'll get the percentage wrong—but 35 per cent or thereabouts of councils currently do already account for these assets in their accounts. So it's not a 100 per cent of them. I think a number do. I would note that, from a funding perspective, depreciation is a non-cash item, so the way I look at it in simple terms, there's no money going out the door. You're given these assets at the beginning, you don't have to pay the cash for them and then the depreciation is non-cash. Lastly, I just would point out that it would be the

Auditor-General's discretion as to the materiality. I don't know offhand, but for some councils these may not be material, so they may not be qualified. It would depend on the materiality.

**Ms ABIGAIL BOYD:** On that depreciation point, of course it's non-cash but this is still going to impact the bottom line when it comes to whether or not they can borrow or whether they can do other things. It's still concluded within their financial statements. It's not a nothingness.

**STEWART WALTERS:** It is. As I understand it, it may not be the case that the depreciation is taken into account when they are assessed from a credit and borrowing perspective. I would note when they receive the assets on day one, the entry that is typically done would be debit that asset and credit income so they get, if you will, this big gain of the full value and then they would take the depreciation over time. But your assessment, your articulation is entirely correct as the impact.

**The Hon. PENNY SHARPE:** I wanted to follow up from some of my questions this morning about the figures for the Energy Accounts Payment Assistance scheme and any others, so Ms Parry?

**PAUL GRIMES:** Yes, Ms Parry.

**The Hon. PENNY SHARPE:** Sorry, Dr Grimes, Ms Parry was nodding.

**RACHEL PARRY:** We have two questions that you asked that we will respond to. The first is on the Peak Demand Reduction Scheme. As you know, the scheme will commence in November of this year. You asked how much would be raised for peak charges from the scheme. The Government estimates scheme targets between now and 2030 will cost \$234 million in present value terms. The majority of this money will not be paid to the Government. It will be paid by retailers to households and businesses to reduce demand for electricity during peak times. Following from that, we got some estimates on how many certificates we're actually anticipating as part of the modelling. The certificate target for the first year in 2022-23 when the scheme starts, is expected to be about four million certificates. Each certificate represents 0.1 kilowatt of demand reduction capacity and a certificate can be created for demand reduction capacity in this or future summer periods.

**The Hon. PENNY SHARPE:** Do you have the breakdown of that between households versus businesses?

**RACHEL PARRY:** I don't have to it to hand.

**The Hon. PENNY SHARPE:** I'm happy if you take it on notice.

**RACHEL PARRY:** Hopefully they are back in the department watching, so we can see if we can get that for you by the end of the day.

**The Hon. PENNY SHARPE:** I'd appreciate that. Thank you.

**RACHEL PARRY:** Then you asked a question about the rebate scheme?

**The Hon. PENNY SHARPE:** Yes.

**RACHEL PARRY:** Mr Lewis can walk you through that.

**ANDREW LEWIS:** In 2019-20 approximately 878,000 unique households received one of the New South Wales Government's energy social programs. In 2020-21 that increased to 914,000. So it's approximately a 36,000 increase over those two financial years or a 4.1 per cent increase.

**The Hon. PENNY SHARPE:** Have you got 2021-22 yet?

**ANDREW LEWIS:** No, we don't have 2021-22. We're in the process of reconciling that and we expect those figures to be published by November, which is our usual cycle for updating. Part of the reason for that is that we rely obviously a lot on the retailers who administer and provide many of these rebates, and sometimes their invoicing, et cetera, occurs sometime after the end of the financial year.

**The Hon. PENNY SHARPE:** Just to be clear, when you're talking about the rebate, are you talking about all the rebates that are available? There's obviously the energy accounts payments, there is the Low Income Household Rebate. Is it all of them?

**ANDREW LEWIS:** That is a number for all of the energy social programs, which is the six rebate programs plus the EAPA emergency assistance program.

**The Hon. PENNY SHARPE:** Six plus one?

**ANDREW LEWIS:** Correct.

**The Hon. PENNY SHARPE:** So seven altogether; is that right?

**RACHEL PARRY:** Seven altogether.

**The Hon. PENNY SHARPE:** Does that include, for example, the Solar for Low Income Households program or is that considered a different program?

**ANDREW LEWIS:** That's considered a different program.

**The Hon. PENNY SHARPE:** Can I ask you quickly about that then?

**ANDREW LEWIS:** Of course.

**The Hon. PENNY SHARPE:** The Solar for Low Income Households program 2021-22, how much was allocated for that?

**ANDREW LEWIS:** Just give me one moment, please.

**The Hon. PENNY SHARPE:** Sure. While you're doing that, did I hear you correctly, was it 914,000 in 2021? Was that right? I scribbled it down and can't read my writing.

**ANDREW LEWIS:** Yes, 914,000 for 2020-21.

**The Hon. PENNY SHARPE:** What was the percentage increase?

**ANDREW LEWIS:** A 4.1 per cent increase.

**The Hon. PENNY SHARPE:** Thank you. Are you anticipating a similar increase for 2021-22? I know you can't give me the complete figures. Sorry, I'm getting you to do too many things at the one time, Mr Lewis, I apologise.

**ANDREW LEWIS:** That's quite okay. Based on our actual expenditure on those programs from last financial year versus the projection for this financial year, the budget projection is an increase of 11.1 per cent. But as it's still fairly early in the current financial year, we don't have a significant amount of detail in terms of uptake numbers to date. I anticipated maybe a question like that.

**The Hon. PENNY SHARPE:** That's a doubling, obviously. You're anticipating more people need it because their energy bills are going up. Is that safe to assume?

**ANDREW LEWIS:** We're anticipating that there will be greater demand and in part that is also because level of assistance for the Energy Accounts Payment Assistance scheme has increased for this financial year at the moment and so part of the overall budget allocation is to recognise that there may be additional demand for that program as well.

**The Hon. DANIEL MOOKHEY:** Was that the Energy Accounts Payment Assistance scheme?

**ANDREW LEWIS:** Correct.

**The Hon. DANIEL MOOKHEY:** Can you go to page A2 - 20 of *Budget Paper No. 1*? You can see that in 2020-21 that scheme had \$45 million of funding allocated to it. That dropped to \$19 million last year and you're projecting \$23 million. When you're referring to 11 per cent, you're referring to that variation?

**ANDREW LEWIS:** I'm referring to the variation from the 2021-22 actual expenditure—

**The Hon. DANIEL MOOKHEY:** That additional \$4 million.

**ANDREW LEWIS:** —on the energy social programs compared to the 2022-23 projected expenditure from the budget.

**The Hon. DANIEL MOOKHEY:** Yes, so that \$4 million difference is the 11 per cent you're saying?

**ANDREW LEWIS:** Sorry, could you repeat that?

**The Hon. DANIEL MOOKHEY:** That \$4 million difference between 2021-22 and 2022-23 is the 11 per cent?

**ANDREW LEWIS:** Sorry, I don't understand where you're getting the \$4 million from.

**The Hon. DANIEL MOOKHEY:** That is 23 minus 19. A2 - 20 says that for the Energy Accounts Payment Assistance scheme for 2022-23, there is \$23 million set aside for it. Then 2021-22 there was \$19 million. I presume that's the 11 per cent you're talking about?

**ANDREW LEWIS:** No, the 11 per cent is on the total expenditure for all energy social programs, not just the EAPA program.

**The Hon. DANIEL MOOKHEY:** Thank you. You can see, though, for that specific program—the funding set aside for the energy bill rebates to assist people experiencing short-term financial crisis or emergency to pay their electricity or gas bill has halved in two years.

**ANDREW LEWIS:** It hasn't halved. There was a special one-off supplementation at the beginning of COVID, which was \$5 million in the 2019-20 financial year, and then an additional \$25 million in the subsequent financial year on the expectation, at the time the budget papers were prepared, that there may be significant increased demand for EAPA as a result of COVID. The overall result at the end of the year was that the total amount of additional funding that had been provisioned for was not actually required as, whilst uptake increased, it didn't increase to the same extent as was projected when the budget papers were prepared.

**The Hon. DANIEL MOOKHEY:** Is it the same explanation for the Family Energy Rebate, that has gone from \$39 million in 2021 to \$8 million in the coming year?

**ANDREW LEWIS:** I will have to check that \$39 million figure.

**The Hon. DANIEL MOOKHEY:** Sure. While you do that, I might go to my colleague.

**The Hon. JOHN GRAHAM:** Dr Grimes, Treasury has previously provided quite a detailed update about progress on the Government's toll review. Can I ask where that work is up to, between Treasury and the transport agencies?

**PAUL GRIMES:** Yes, work is continuing on the tolling review at the moment.

**The Hon. JOHN GRAHAM:** What time line are you currently working to?

**PAUL GRIMES:** I don't have a specific time line. But I might refer to Ms Campbell, who'll be able to provide further information to you.

**SONYA CAMPBELL:** Thank you, Dr Grimes, and thank you for the question, Mr Graham. We're working on providing recommendations to government before the end of this year.

**The Hon. JOHN GRAHAM:** Previously, we've been given quite a good run-down about the progress on it or the form that might take. Can you give us any other detail on how the review is progressing?

**SONYA CAMPBELL:** All I would say is that that review is underway, obviously taking into account the recent inquiry report, which government is also preparing a response on by the due date of 1 November.

**The Hon. JOHN GRAHAM:** So those two things will clearly reference each other. But you'll see recommendations to government before the end of this year, and that'll deal with the significant tolling reform issues?

**SONYA CAMPBELL:** Yes. We are looking at a broad range of options in order to provide that advice to government.

**The Hon. JOHN GRAHAM:** We've been previously given a bit of a sense of the balance between the short-term options that might be on the table, or the longer term options. How would you describe that balance, as the work is evolving?

**PAUL GRIMES:** I don't think it is appropriate for us to go into that level of detail, Mr Graham. There'll be a review undertaken and advice provided to the Government in due course. It's not possible for us to be sort of speculating on future advice. It's probably not appropriate for estimates.

**The Hon. JOHN GRAHAM:** Dr Grimes, I'm happy to conclude the questioning there. I will just say that is considerably less detailed information than the Treasury has previously provided, and you do have an obligation to provide information to the Parliament, not just to the Executive. But I'm happy to conclude the questioning there.

**The Hon. DANIEL MOOKHEY:** Dr Grimes, for this toll review, have you engaged professional consultants to assist you?

**PAUL GRIMES:** Yes. There have been professional consultants engaged to assist Treasury.

**The Hon. DANIEL MOOKHEY:** Who are they?

**PAUL GRIMES:** My understanding is the primary consultant that's been engaged is L.E.K., but Ms Campbell may be able to provide further information.

**SONYA CAMPBELL:** That's correct. L.E.K. are the State's strategic adviser for the current tolling review.

**The Hon. JOHN GRAHAM:** I turn to the budget allocations for the toll policy changes that have occurred in this budget. There's two of those. One is the new toll rebate. The budget indicates that's worth \$520 million over two years. What is the date, for budgeting purposes, when that two years concludes?

**PAUL GRIMES:** I might refer to Ms Campbell.

**SONYA CAMPBELL:** Thank you, Dr Grimes. I was not directly involved in that work, but I believe the two years applies from the time of the budget midyear. So I would expect it would be around June 2024.

**The Hon. JOHN GRAHAM:** So June 2024, but that wouldn't take it into the 2024-25 year. Okay. Is the \$520 million allocated equally over the next two financial years? Or does it fall more heavily in one or the other?

**SONYA CAMPBELL:** My colleague Mr Midha might have further detail on how that's been allocated across the years. I don't have that specific information, Mr Graham.

**SAN MIDHA:** I will come back to you a little bit later today and give you that number.

**The Hon. JOHN GRAHAM:** Great. Essentially, if you could give us the expenditure on the new toll rebate for 2022-23 and then for 2023-24—if I've just understood the first answer correctly. Then the budget sets out the amount that's been removed as a result of the registration support being withdrawn. How many drivers are expected to receive assistance through the new toll rebate in this financial year?

**SAN MIDHA:** I'll take that on notice.

**The Hon. JOHN GRAHAM:** Could you take that on notice for both financial years?

**SAN MIDHA:** I will.

**The Hon. JOHN GRAHAM:** Great. Just to make the obvious point, what you're telling us is that in 2024-25 and in 2025-26 the amount of money allocated in the budget to the toll rebate is currently zero?

**SAN MIDHA:** It is for two years. So it would be 2022-23 and 2023-24.

**The Hon. JOHN GRAHAM:** And after that it'll be zero and zero. That's because we're waiting for this toll inquiry to unfold and then that may impact on the policy settings?

**SAN MIDHA:** That's correct.

**The Hon. DANIEL MOOKHEY:** If you go to page 4-20 of the budget papers, I want to talk to you about the road tolls revenue line item. We are on track to resume public entitlement to the revenues that are available to the harbour tunnel by the end of this month as the concession reverts back, are we not, Dr Grimes?

**PAUL GRIMES:** I'm sorry?

**The Hon. DANIEL MOOKHEY:** The harbour tunnel.

**PAUL GRIMES:** I might refer to Ms Campbell on the harbour tunnel.

**SONYA CAMPBELL:** Yes, Mr Mookhey, that's correct. From August this year, that reverts back to State control.

**The Hon. DANIEL MOOKHEY:** Will Transport for NSW own that concession?

**SONYA CAMPBELL:** That's correct.

**The Hon. DANIEL MOOKHEY:** Are we forming any company of any form to hold the concession on our behalf?

**SONYA CAMPBELL:** Not that I'm aware of.

**The Hon. DANIEL MOOKHEY:** So they will hold it legally using the same arrangements they do for the Harbour Bridge?

**SONYA CAMPBELL:** That's correct.

**The Hon. DANIEL MOOKHEY:** Can we go to the road toll line item, which is on page 4-20. It says that \$164 million in revenue is expected this budget from our road tolls. I presume that will now encompass the Harbour Bridge and the harbour tunnel?

**SONYA CAMPBELL:** I believe that's correct, Mr Mookhey.

**The Hon. DANIEL MOOKHEY:** Can you tell us, how much of that is from the bridge and how much is from the tunnel?

**SONYA CAMPBELL:** I don't have those specific details.

**The Hon. DANIEL MOOKHEY:** Can we take it on notice?

**SONYA CAMPBELL:** Yes.

**The Hon. DANIEL MOOKHEY:** You can see that we're projecting 14.3 per cent growth for those two roads. Is that arising from volume growth or is that the revenue impact of having the harbour tunnel back in public hands, or the revenue going to the Consolidated Fund, or both?

**SONYA CAMPBELL:** Mr Mookhey, I'd suggest that Transport would be better able to answer those questions around the revenue forecasting.

**The Hon. DANIEL MOOKHEY:** Ms Campbell, you're probably correct. But I have this wonderful habit where I ask you, you tell me to go ask them; I go ask them, and they say I should have asked the Treasury. So here I am, asking the Treasury.

**SONYA CAMPBELL:** I would love to be helpful, Mr Mookhey, but I don't have those details.

**The Hon. JOHN GRAHAM:** Can I put a different question to the same end? While that's the average growth, the figure jumps in 2025-26 quite significantly. What are the assumptions that underlie that jump from \$177 million to \$227 million over the course of one year?

**SONYA CAMPBELL:** I don't know those specific details, but I'm happy to take that on notice, Mr Graham.

**The Hon. JOHN GRAHAM:** But you agree this couldn't just simply be a straight-off toll rise on the bridge or the tunnel that Treasury is building in? That would be a very significant jump in the tolls on both those roads to produce that jump in revenue.

**SONYA CAMPBELL:** Those assumptions predate my time in this role, Mr Graham, but I think it would be fair to say that there is no decision by government, at this time, around any changes to toll prices.

**The Hon. JOHN GRAHAM:** I accept that. I am asking what are the Treasury assumptions that have been built into the budget about what the policy might be in that financial year to produce this revenue change?

**SONYA CAMPBELL:** I might refer to my colleague Mr Midha in case he has an answer for that.

**SAN MIDHA:** I'll take it on notice, but I believe that line comes in from Transport, so we need to check that.

**The Hon. DANIEL MOOKHEY:** It's a \$50 million rise in one year, which works out to be 20-ish per cent.

**PAUL GRIMES:** Yes, it's a reasonable question. We need to check with Transport and find out the basis for that increase.

**The Hon. DANIEL MOOKHEY:** I'm going to pre-empt the circuit that I usually do every six months between you and Transport on this by asking you to provide me on notice, if you don't mind, with the breakdown in revenue in that line item—road tolls on Table 4.9—for each year of the forward estimates between the Harbour Tunnel and the Harbour Bridge.

**PAUL GRIMES:** Yes, I'm happy to take that on notice.

**The Hon. DANIEL MOOKHEY:** Thank you very much. Dr Grimes, can we talk about WestInvest? Where are we up to in terms of WestInvest?

**PAUL GRIMES:** It's a big question. There's a lot of work going on with WestInvest at the moment. Of course, the WestInvest program is run by the Department of Premier and Cabinet. The WestInvest program office is part of the Department of Premier and Cabinet. There is a steering committee that oversees the operations of the WestInvest program overall, and I chair that steering committee, so I have a reasonable line of sight into how things are travelling. But when it gets to very detailed questions around the administration of the WestInvest program, the Department of Premier and Cabinet may be the better place for those questions. But I'm happy to answer any questions you've got, Mr Mookhey.

**The Hon. DANIEL MOOKHEY:** But you're a decision-maker. You and Mr Coutts-Trotter are the decision-maker with respect to the \$1.6 billion that is to be allocated, correct?

**PAUL GRIMES:** No, we're not decision-makers.

**The Hon. DANIEL MOOKHEY:** Who is?

**PAUL GRIMES:** The Treasurer is the ultimate decision-maker for allocation of funding under the WestInvest program. Essentially, the steering committee has the role of making recommendations to the Treasurer across the different elements of the WestInvest program.

**The Hon. DANIEL MOOKHEY:** Do you mind turning to page 1-13 of *Budget Paper No. 1*?

**PAUL GRIMES:** Just bear with me for just a moment while I bring it up. Yes?

**The Hon. DANIEL MOOKHEY:** You can see that it states:

- \$400.0 million is directly allocated to 15 Western Sydney Local Government Areas to fund shovel-ready local projects

**PAUL GRIMES:** Yes.

**The Hon. DANIEL MOOKHEY:** Is that being equally distributed to all 15?

**PAUL GRIMES:** No, it's being distributed on a per capita basis. There's a per capita calculation that determines the distribution, with, from memory, a maximum of \$35 million for any one council and, from memory, a minimum of—I've forgotten the minimum. I think it was \$20 million or a figure like that.

**The Hon. DANIEL MOOKHEY:** What are they for? What's the definition of a "shovel-ready project"?

**PAUL GRIMES:** These are for projects that meet the guidelines under the WestInvest program, which are published on the WestInvest program website.

**The Hon. DANIEL MOOKHEY:** Do you know which projects councils are using them for or is it just a cheque?

**PAUL GRIMES:** No, councils have to submit specific proposals that they wish to use the funding against, and then those projects are actually subject to assessment before approval is given.

**The Hon. DANIEL MOOKHEY:** When is that \$400 million going out the door?

**PAUL GRIMES:** It will go out the door over time as projects are assessed as being eligible and then milestone payments are met in each of those projects.

**The Hon. DANIEL MOOKHEY:** How much has gone out the door already?

**PAUL GRIMES:** To the best of my knowledge, nothing has gone out the door already.

**The Hon. DANIEL MOOKHEY:** When is the first one likely to go?

**PAUL GRIMES:** I think the WestInvest website says that this will happen from the middle of this year ongoing as projects are assessed and approved. But I can't give you a more specific date than that at this stage.

**The Hon. DANIEL MOOKHEY:** Is that \$400 million—that specific component of it—over the forward estimates or in one year?

**PAUL GRIMES:** No, that's an allocation over the full life of the program.

**The Hon. DANIEL MOOKHEY:** What's the full life of the program?

**PAUL GRIMES:** Under the community grants component, there's \$2 billion that has been allocated: \$400 million through the local government stream and \$1.6 billion through the community stream.

**The Hon. DANIEL MOOKHEY:** How long is WestInvest meant to exist for? What's the life of the program?

**PAUL GRIMES:** My memory is for the next couple of years, but I've forgotten the—I don't have the details of the specific termination date.

**The Hon. DANIEL MOOKHEY:** Does Mr Midha know?

**PAUL GRIMES:** Mr Midha may have that with him at the moment.

**SAN MIDHA:** I think it's broadly two years, but I think there's some that go into three years.

**The Hon. DANIEL MOOKHEY:** Two years?

**SAN MIDHA:** But it's about two years, yes.

**The Hon. DANIEL MOOKHEY:** Is that for the full \$5 billion or just for that component of it?

**SAN MIDHA:** For the \$5 billion.

**The Hon. DANIEL MOOKHEY:** The \$1.6 billion "allocated through a competitive grants process that is open to applications from community groups, non-government organisations and local councils"—actually, before we move on from the 400, can I invite you on notice, Dr Grimes, to provide a table in some form that would identify how much of that \$400 million has gone to which local government council, or is likely to?

**PAUL GRIMES:** Yes, we can provide a breakdown of how that \$400 million has been—

**The Hon. DANIEL MOOKHEY:** By each of the 15?

**PAUL GRIMES:** Yes, it's been allocated. Each of the councils knows the amount that is allocated to them.

**The Hon. DANIEL MOOKHEY:** Yes, if we can get that—

**PAUL GRIMES:** Yes, we can do that. We'd provide that to you on notice.

**The Hon. DANIEL MOOKHEY:** Of the \$1.6 billion that has been allocated to competitive grants, how many applications have been received?

**PAUL GRIMES:** I haven't got those figures immediately in front of me. I'll see if Mr Midha has. Otherwise, you'll have to bear with me while I see if I can bring them up.

**The Hon. DANIEL MOOKHEY:** If we're going to do a data request, can I ask—

**PAUL GRIMES:** Bearing in mind, Mr Mookhey, that the administration of the program rests with the Department of Premier and Cabinet, with the WestInvest program office. But I have a sneaking suspicion I may have the—

**The Hon. DANIEL MOOKHEY:** But you're chairing the steering committee.

**PAUL GRIMES:** I understand that, so I may be able to find the information, but—

**The Hon. DANIEL MOOKHEY:** Thank you. The information that I wouldn't mind if you can find is how many applications have been received; how many of them have been assessed and granted; and how many of them have been assessed and rejected.

**SAN MIDHA:** I can tell you—

**PAUL GRIMES:** Assessment of community program grants at the moment has just commenced. No determinations of funding have been made at this stage. No recommendations have been made.

**The Hon. DANIEL MOOKHEY:** These applications opened in October, November last year?

**PAUL GRIMES:** No, the applications opened much later than that. It's only in recent months, with an expression of interest process, and then with the submission of applications. Again I say that there's a program office that is managing this in detail.

**SAN MIDHA:** I can tell you the number of applications. There are 680 applications, a total request of \$7.8 billion.

**The Hon. DANIEL MOOKHEY:** How much?

**SAN MIDHA:** It is \$7.8 billion. The breakdown is 325 applications for green and open spaces, 270 for community infrastructure projects. One hundred and eighty groups applied for projects worth \$1 million and under. There were 296 groups between \$1 million and \$10 million, and 201 that were for projects worth over \$10 million.

**The Hon. DANIEL MOOKHEY:** How many of them have been approved?

**SAN MIDHA:** As Dr Grimes said, it's under review.

**The Hon. DANIEL MOOKHEY:** Have any of them been rejected yet?

**PAUL GRIMES:** Only projects that are not eligible. There are eligibility criteria. You can only submit if projects are eligible, but nothing has been rejected at this stage. There have been no recommendations. No assessments have come to the steering committee, and no recommendations have been made to the Treasurer. It will be several months before that occurs, Mr Mookhey.



**The Hon. DANIEL MOOKHEY:** Can you explain to me, then, the \$3 billion that's going to "be made available to New South Wales government agencies to deliver transformational projects that will benefit local communities"? Do agencies just get to bid or—

**PAUL GRIMES:** Part of that funding has already been announced for school projects in the budget, and then the balance—these are Government-led projects, so they're distinct from grant programs, where grants are being awarded to parties external to the Government. At the moment government agencies have the opportunity to be submitting proposals. They'll be considered by Ministers and, in particular, by the Treasurer.

**The Hon. DANIEL MOOKHEY:** Do they submit to the Treasury or do they submit to the DPC project office for WestInvest?

**PAUL GRIMES:** In practice, the assessments will be undertaken by both Treasury and the WestInvest project office and then will be considered through budget processes within the Government.

**The Hon. DANIEL MOOKHEY:** Do they go to the steering committee or do they go to the ERC, or both?

**PAUL GRIMES:** I would be anticipating that there would be a role for ERC before decisions are made.

**The Hon. DANIEL MOOKHEY:** Great. That's helpful, Dr Grimes. But do they come before your steering committee?

**PAUL GRIMES:** Yes, they will come before the steering committee. They'll be subject to assessment, and then advice will be provided to the Government. But, again, they're different from external grants. These are—

**The Hon. DANIEL MOOKHEY:** There are no guidelines for that \$3 billion that I can see on the WestInvest site.

**PAUL GRIMES:** That's because they are Government-led projects. They are quite distinct from the grant programs for external applicants.

**The Hon. DANIEL MOOKHEY:** So what criteria are we applying for government projects at WestInvest?

**PAUL GRIMES:** These are ultimately decisions for the Government around which of the projects are going to best meet the overall objectives of the WestInvest program.

**The Hon. DANIEL MOOKHEY:** Are they for recurrent spending or capital spending, or both?

**PAUL GRIMES:** Largely for capital: \$2.5 billion allocated for capital and about \$500 million for operating expenses associated with the program.

**The Hon. DANIEL MOOKHEY:** From that \$3 billion?

**PAUL GRIMES:** And they need to be, obviously, allocated within the relevant geographical areas of WestInvest, and they need to be targeted towards the key objectives of the WestInvest program.

**The Hon. DANIEL MOOKHEY:** Is there any requirement for—does Infrastructure NSW need to weigh in on the capital side?

**PAUL GRIMES:** It would depend on the projects. We may seek some advice from Infrastructure NSW.

**The Hon. DANIEL MOOKHEY:** Dr Grimes, I'm asking is there a rule here that would apply, as there are, for example, for Restart NSW and those other funds?

**PAUL GRIMES:** There are guidelines that will assist us in our assessments and the recommendations that are ultimately made to the Treasurer.

**The Hon. DANIEL MOOKHEY:** For the \$3 billion?

**PAUL GRIMES:** For the three billion-dollar—bearing in mind already there's been—

**The Hon. DANIEL MOOKHEY:** Do they need to have a business case? Does an agency that wants a part of this \$3 billion need to come to you with a business case?

**PAUL GRIMES:** Yes, the agencies have been requested to prepare business cases to support the proposals that they're putting forward to enable them to be able to be assessed and then Ministers to be able to make determinations about which have highest merit.

**The Hon. DANIEL MOOKHEY:** Are they required to have a cost-benefit ratio of one or above?

**PAUL GRIMES:** No, there isn't a formal requirement, but one of the things that we would be expecting to see in business cases is an assessment of the cost-benefit ratios.

**The Hon. DANIEL MOOKHEY:** But the final decision-makers here are the Ministers?

**PAUL GRIMES:** Yes.

**The Hon. DANIEL MOOKHEY:** And they have the ability to accept your advice or otherwise reject it?

**PAUL GRIMES:** Yes, but they are very different from the grants programs.

**The Hon. DANIEL MOOKHEY:** Indeed.

**PAUL GRIMES:** These are government-led projects, in the same way as you would be considering other government projects.

**The Hon. DANIEL MOOKHEY:** Yes, sure. This is borrowed money, isn't it?

**PAUL GRIMES:** At the moment the Government has a deficit.

**The Hon. DANIEL MOOKHEY:** Well, it's coming from the Consolidated Fund. It's not coming from any special deposits account, is it?

**PAUL GRIMES:** Not to the best of my knowledge.

**The Hon. DANIEL MOOKHEY:** So the Ministers can decide how to spend this \$3 billion, basically, however they wish, so long as it's within the 15 areas. Is that a fair estimation?

**PAUL GRIMES:** And so long as it meets the eligibility requirement of the—

**The Hon. DANIEL MOOKHEY:** Which they set. Which the Ministers set.

**PAUL GRIMES:** Which Ministers actually establish, yes.

**The Hon. DANIEL MOOKHEY:** The ERC or the Government—the Ministers—establish the guidelines and then they decide whether or not the spending is against the guidelines, and they are able to authorise spending even if it's not against the guidelines technically. Isn't that the case?

**PAUL GRIMES:** They are going to be projects that are going to be funded to meet the objectives of the WestInvest program.

**The Hon. DANIEL MOOKHEY:** Can I ask Mr Archterstraat, you did the pork-barrelling review, didn't you?

**PETER ARCHTERSTRAAT:** Sorry, Mr Mookhey.

**The Hon. DANIEL MOOKHEY:** You undertook a review into pork-barrelling on behalf of the Premier, did you not?

**PETER ARCHTERSTRAAT:** I did a review of grants administration, in conjunction with—

**The Hon. DANIEL MOOKHEY:** Were you asked at all asked as part of that review to provide advice on WestInvest?

**PETER ARCHTERSTRAAT:** No, I don't recall that I had been.

**The Hon. DANIEL MOOKHEY:** Where exactly is your understanding of where the Government is up to in implementing your recommendations?

**PETER ARCHTERSTRAAT:** With my 19 recommendations?

**The Hon. DANIEL MOOKHEY:** Yes.

**PETER ARCHTERSTRAAT:** They've been accepted in principle, and the Government I think is working on ways to implement them to update the guidelines, et cetera.

**The Hon. DANIEL MOOKHEY:** When do you expect those to be operating?

**PETER ARCHTERSTRAAT:** I'm not too sure.

**The Hon. DANIEL MOOKHEY:** Have you been advised?

**PETER ARCHTERSTRAAT:** No. I don't think I have been.

**PAUL GRIMES:** Dr Grimes, when exactly will Mr Archterstraat's guidelines be applicable to government projects?

**PAUL GRIMES:** I can tell you that the WestInvest Steering Committee is applying very high-probity requirements on the administration of the WestInvest program. There's actually a detailed probity plan, and in developing that probity plan we've had full regard to the recommendations coming out of Mr Archterstraat's review.

**The Hon. DANIEL MOOKHEY:** Well, I'm reassured by that but my actual question, Dr Grimes, was when exactly is your understanding as to when those—

**PAUL GRIMES:** They're to be issued by the Department of Premier and Cabinet, so you'd need to refer to the Department of Premier and Cabinet on the specific release. But they've been announced, and I anticipate that that would be very, very shortly.

**The Hon. DANIEL MOOKHEY:** I'm glad that you are applying the principles Mr Archterstraat has set out to the WestInvest, but as it stands right now, why should we consider the WestInvest anything other than a slush fund?

**PAUL GRIMES:** I would direct you to the probity plan for the WestInvest program, which is published on the WestInvest website.

**The Hon. DANIEL MOOKHEY:** Sure. Do you have a probity adviser?

**PAUL GRIMES:** Yes, there is a probity adviser for the program.

**The Hon. DANIEL MOOKHEY:** Are all the applications for this \$3 billion fund considered to be Cabinet in confidence?

**PAUL GRIMES:** There's a distinction between the grants programs to which all of the grants requirements will apply and then government-led programs—

**The Hon. DANIEL MOOKHEY:** I'm listening, Dr Grimes.

**PAUL GRIMES:** —which are ordinary government projects of the sort like school projects. They could be a number of other projects that meet the requirements of the WestInvest program, which are not external grant programs. So I would make that distinction because it's an important distinction.

**The Hon. DANIEL MOOKHEY:** I accept that. But the \$478 million that went to schools—when was it decided that that \$478 million would come from the \$3 billion when, quite clearly, all the processes that you're talking about aren't established. We've already spent \$478 million. What assurance can you give me that that \$478 million has obeyed the same principles? For what it's worth, why was Education—did they put a bid in and other people put a bid in, and they just got it out first, or was it the case that they were asked to come forward earlier in time?

**PAUL GRIMES:** No, they submitted bids. There were other bids submitted. The Government determined that those projects had sufficient merit to be able to be announced in the budget. They were announced in the budget with the balance to be considered through the remainder of this year.

**The Hon. DANIEL MOOKHEY:** Did they go to the steering committee?

**PAUL GRIMES:** Yes, the steering committee considered Government-led projects, which were then ultimately considered by the Treasurer after consultation with the PRC.

**The Hon. DANIEL MOOKHEY:** Just before I pass to my colleague, can you, on notice, give us the date that the steering committee considered the \$478.2 million that went to these schools?

**PAUL GRIMES:** Yes, I will take on notice the specific dates.

**Ms ABIGAIL BOYD:** I want to ask some questions about Generator Property Management. Who is the right person to direct those to? I was just trying to get a better understanding of how the interaction or the relationship works between Electricity Assets Ministerial Holding Corporation, EAMHC, and GPM. We get audited accounts for EAMHC. What's the nature of GPM? Is that effectively off-budget?

**SONYA CAMPBELL:** Thank you for the question. I'm going to do my very best to answer it because this is a complex portfolio that I've recently inherited.

**Ms ABIGAIL BOYD:** Lucky you.

**SONYA CAMPBELL:** GPM was established as a transaction company in accordance with the legislation. Its dealings include the decommissioning, demolition and rehabilitation of power stations, operational management of closed power station sites and their related infrastructure and assets, and management of ongoing regulatory and contractual obligations.

**Ms ABIGAIL BOYD:** Is it within the control of Treasury and, therefore, part of the overall budget in the same way the EAMHC is, or is it off-budget and so we don't, for example, have the inclusion of its assets and liabilities in the overall budget?

**SONYA CAMPBELL:** It's a very specific budget question that my colleague Mr Midha might be able to answer better than me. What I can tell you is that it is a Corps Act company—so it has been established with its own directors—and that its operations and activities are funded by the Electricity Assets Ministerial Holding Company.

**Ms ABIGAIL BOYD:** Perhaps, Mr Midha, if you could assist. My understanding is that although EAMHC is controlled by the State and is, therefore, seen as a government entity, perhaps GPM is not. Is that correct?

**SAN MIDHA:** I will have to take that on notice. I can try and get that to you later today.

**Ms ABIGAIL BOYD:** Thank you. That would be very useful. Do you want me to hold the rest of my questions over on that until you come back with some information, or shall I give them to you all now?

**SAN MIDHA:** Give them to me all now.

**Ms ABIGAIL BOYD:** My understanding is that if we get a power station closure, there are liabilities that used to appear on the non-quantifiable contingent liabilities sheet in C-4 of the budget. Those liabilities that are unquantifiable, once there is certainty in the closure date, the EAMHC takes ownership and then Generator Property Management is responsible for the clean-up activities. It is given funding from EAMHC in the form of grants. Does that then mean that we no longer recognise that that non-quantifiable contingent liability in respect of that particular power station never makes its way onto the quantifiable contingent liabilities sheet in the budget because it now sits with GPM on what it appears to be completely non-transparent budget?

**SAN MIDHA:** I will need to confirm that. However, when a non-quantifiable liability has been dealt with—so in this case, through a grant—then that grant expenditure will appear. Once that, that will be the cost that would appear. But I can confirm that.

**Ms ABIGAIL BOYD:** But it will appear as a grant—

**SAN MIDHA:** As a grant.

**Ms ABIGAIL BOYD:** —not as an actual contingent liability?

**SAN MIDHA:** Yes, it will be classified as not a liability anymore. It has been remediated. I will check on that and come back to you exactly.

**SONYA CAMPBELL:** Ms Boyd, if I may, I believe in the State financial statements there is a recording of an amount under the administered liabilities in respective amounts that we are able to now quantify.

**Ms ABIGAIL BOYD:** In administered liabilities? Is that what you—

**SONYA CAMPBELL:** Administered liabilities, correct.

**Ms ABIGAIL BOYD:** Administered liabilities.

**SONYA CAMPBELL:** Yes.

**Ms ABIGAIL BOYD:** Does that make its way in any form onto the EAMHC accounts at any point—for example, as a provision for outstanding claims?

**SONYA CAMPBELL:** I would have to take that question on notice, thank you.

**Ms ABIGAIL BOYD:** That would be very useful. I'd also like to understand—any information you can give me about GPM, in fact, particularly the financial statements for the last five years and how it works between EAMHC and GPM when it comes to GPM getting a grant and how that has been quantified prior to the clean-up work actually being done. That would be really useful.

**SONYA CAMPBELL:** We will take that on notice.

**Ms SUE HIGGINSON:** I have one question possibly to all of you. It should be brief. There's quite a bit in the public arena that the coal industry lobby has been attempting to create an insurance mutual scheme

underwritten by the Federal Government. That was before the May election. Can you confirm whether you have been approached at the NSW Treasury department to underwrite or support such a scheme in any way here in New South Wales?

**PAUL GRIMES:** I'm not aware but I might refer to other—

**RACHEL PARRY:** I'm not aware but I'd just like to understand a little bit more about the scheme that you're referring to, so make sure it's not going by a different name or—

**Ms SUE HIGGINSON:** Let's just imagine the broadest possible concept of the participants in that industry looking for some kind of insurance assistance, whether it's through a reinsurance or an underwriting or a pooling of any sort, to assist them in their fairly obvious trajectory that they're experiencing.

**ANDREW LEWIS:** Please clarify. Is this in relation to coalmines or to coal-fired generators?

**Ms SUE HIGGINSON:** All of the above, but mines in particular.

**ANDREW LEWIS:** I'm not aware of anything, I have not been approached for anything in relation to that matter.

**Ms SUE HIGGINSON:** If you could just clarify, if I was a participant in that industry, is Treasury where I would come to ask that sort of question?

**ANDREW LEWIS:** If I can answer for the Office of Energy and Climate Change, no, it would be the Department of Regional NSW—would be one of the most likely approaches because of their role in managing the mining industry.

**Ms SUE HIGGINSON:** Terrific, thank you. That's very helpful.

**Ms ABIGAIL BOYD:** In relation to the extra billion dollars that was in the budget for Resilience NSW, we're only a few months down the track. Now that Resilience NSW is being disbanded, we understand, at some point, is there to be a reallocation of that billion dollars? Has there been discussion on what's going to happen with that in the budget?

**SAN MIDHA:** Not that I'm aware of. We have had no conversations.

**Mr JUSTIN FIELD:** These questions might be for Dr Wilson, I think. I wanted to go back to the points I was raising with the Treasurer earlier about the emissions forecasts that have been put on the SEED portal recently—the new dashboard. I think it's the first time we've seen the sector-by-sector forecast out to 2050. I just wanted to understand where is the information around the assumptions for these forecasts? How do we have a look at, for instance, land use and what sort of level of land clearing that you assume in coming up with those sorts of forecasts?

**KATE WILSON:** Two things in response to that, Mr Field. One, the New South Wales specific emissions that are on that portal, I'm advised that they're currently under peer review and then they'll be published in a scientific publication later this year. I can't be specific. It's quite a process. The assumptions are: so the land use projections I know you're particularly interested in, they reflect exactly the approach of the Commonwealth Government and the Commonwealth's inventory methodologies are all publicly available. So I've got links here that could be provided to you.

**Mr JUSTIN FIELD:** Sure. That doesn't necessarily fix the issue or address the question. Because I assume that with, for instance, land use, land use change and forestry, we're assuming native vegetation clearing, logging, regrowth and soil carbon. Someone's done the sums on all of this and made assumptions about where each of those would be. It's not quite as simple as saying it's the same methodology because there might have been regeneration schemes that have been taken up by landholders. There is public land clearing. Where are the assumptions?

**KATE WILSON:** I suggest that you could refer those questions to my colleagues who run the emissions modelling in DPE, who will be here tomorrow at Minister Griffin's appearance.

**Mr JUSTIN FIELD:** We can do that. One that might be related to you, then: As part of the implementation update, and in speaking about the net zero plan generally, there's a range of projects, programs, the *Electricity Infrastructure Roadmap*, the NSW Waste and Sustainable Materials Strategy—there is a series; I can go through them. Which of these programs have already been incorporated into the emissions forecasts and which haven't been?

**KATE WILSON:** The majority of the programs have been included in there. The NSW Hydrogen Strategy was released after that emissions forecasting was done for the implementation update so that's not

included. The Waste and Sustainable Materials Strategy is not included. There are, I think, a couple of other things like the net zero on parks strategy that were not included.

**Mr JUSTIN FIELD:** Was the Net Zero Buildings strategy included?

**KATE WILSON:** No, I don't believe it is.

**Mr JUSTIN FIELD:** So that's four. That's quite a few.

**KATE WILSON:** It depends on the timing at which they're released.

**Mr JUSTIN FIELD:** Sure. The data that's up there now is current as of when? It was published on 12 August but it's not clear exactly what date these assumptions are at because obviously it has got an annual assumption for every year from 2021 through to 2050. You're saying that the 2021 one—is it actual, is it current, and then from then on it's forecast?

**KATE WILSON:** I understand that you've got the assumptions that are published through the Commonwealth. The most recent ones are the 2019-20 data, which were released on 9 June. That relates to your earlier question, which I'd misunderstood, about the graph in the Treasury outcome. Then there is projection data for the specific programs that we are implementing. Again, I understand that we're at the moment taking a very, very conservative approach to that modelling—for instance, only modelling known emissions reductions from implementing within that program and not yet modelling what the market uptake might be. That modelling also looks at what's happening in the broader community and broader industry across New South Wales. Again, that's been taking an extremely conservative approach. Many industries now have net zero targets but unless they've got clear approaches to implementing them and clear time lines, that's not factored into the modelling at the moment.

**Mr JUSTIN FIELD:** Sure, okay. For each of those programs you must have made your own judgments about the emissions reductions that would result. For example, with the NSW Electric Vehicle Strategy, is there a document or a set of figures that show us how much emissions abatement or emissions reduction is likely to result from that strategy once it's in play?

**KATE WILSON:** The emissions abatement projections are public in the *State of the Environment* report. And now you can get—

**Mr JUSTIN FIELD:** Down to that specificity for each of those programs? This is what I'm getting at—

**KATE WILSON:** No, sorry, for the sectors, not for the programs specifically.

**Mr JUSTIN FIELD:** That's right. Obviously a lot is made of the NSW Electric Vehicle Strategy, but I'm looking at these forecasts and they show that, for light vehicles, emissions are increasing all the way up to 2031 and don't really start to turn down for another couple of years after that. I'm trying to understand the value that we're getting out of these investments in terms of emissions abatement. Am I able to see the assumptions of emissions reduction for each of these programs?

**KATE WILSON:** Certainly when we're doing these programs, we either undertake or commission quite detailed modelling. For instance, with electric vehicles we've modelled different rates of uptake. The ambition, as I'm sure you're aware, is to have 50 per cent of new vehicle purchases be battery electric vehicles by 2030. That's quite different from having 50 per cent on the roads. We know that the number of vehicles in New South Wales is continuing to increase, so we take factors into account: the increase in vehicle traffic and the proportion that will be EVs.

**Mr JUSTIN FIELD:** I absolutely assume that. I'm just wondering if I can see it. Where does it exist?

**KATE WILSON:** It exists in documents that were put together to inform the policy.

**Mr JUSTIN FIELD:** Are they publicly available?

**KATE WILSON:** They're not publicly available, no.

**Mr JUSTIN FIELD:** Can they be made publicly available?

**RACHEL PARRY:** I think we'll take that on notice.

**KATE WILSON:** Yes, we'll take that on notice.

**Mr JUSTIN FIELD:** I thought we might have gotten there eventually.

**The Hon. PENNY SHARPE:** Wise answer.

**Mr JUSTIN FIELD:** Another one is the Primary Industries Productivity and Abatement Program. I assume there are likely emission reduction forecasts for that as well?

**KATE WILSON:** Correct, yes.

**Mr JUSTIN FIELD:** Is it the same case—perhaps take it on notice?

**KATE WILSON:** It'll be the same case.

**RACHEL PARRY:** Same case—we'll take that on notice.

**Mr JUSTIN FIELD:** I note that agriculture, for example, is likely to have a 25 per cent increase in emissions. The Treasurer made quite a bit of the Net Zero Industry and Innovation Program. I think that one's a little bit different in its structure. I note that there's a substantial downturn in industrial emissions anticipated and forecast here, but then it rises again. What sort of work was done to make assumptions about emissions output and forecasts for that program?

**KATE WILSON:** Again, as I said earlier, for each of these programs the expected emissions reductions are modelled quite closely for the actual money that the Government is expending. The longer term expectation is that those emissions abatement activities will ramify through the economy, but that's not currently modelled in the forecasts, so they're extremely conservative forecasts. Again, post-2030, as we expect the economy to grow, we've not yet modelled in that penetration, I guess, of low-emissions technology through the economy.

**Mr JUSTIN FIELD:** When will this be updated to reflect those additional programs that aren't yet factored into this data?

**KATE WILSON:** I understand later this year. A fairly common answer, but in the next couple of months.

**Mr JUSTIN FIELD:** Is it the intention for this data to be updated on a regular basis on the SEED portal so the public can see how the forecasts and assumptions are changing?

**KATE WILSON:** It is, yes.

**RACHEL PARRY:** It is.

**Mr JUSTIN FIELD:** Is it likely that further information, those program-by-program assumptions, are going to be provided at any stage?

**RACHEL PARRY:** I think what I would say about that, Mr Field, is, as Dr Wilson has indicated, the assumptions right now are quite conservative, and they are based on a lot of what the Government investment is doing. As we have more confidence in what we're seeing in the market, and particularly around the commercial sector, I think we would get more confident in building some of those assumptions in. But again, in the interests of transparency and defensibility and being able to say these are the most accurate projections that we can stand behind, we want to have absolute confidence in those numbers going in.

**Mr JUSTIN FIELD:** I appreciate the importance of that confidence; I'm just contrasting it to the confidence from the Treasurer when he talks about those issues, that's all.

**KATE WILSON:** If I could also just add, though, when we did set up the net zero plan stage one, then we did modelling again across all these programs. You'll recall that then we projected a 35 per cent reduction in emissions compared to 2005 by 2030. Already, just 18 months later, we updated the modelling and came up with that additional amount. So we're certainly adjusting regularly.

**Mr JUSTIN FIELD:** I think we all know that largely that reflects the commercial closure—mostly, overwhelmingly—of the existing coal-fired power stations.

**KATE WILSON:** It reflects many things—the very rapid uptake of solar panels on roofs as well.

**Mr JUSTIN FIELD:** I understand that, thank you very much. I turn now to the questions I was asking this morning about forestry, and I appreciate that the answer was that the contract renewals were an operational decision. But I'd like to ask a broader question that might be for you, Dr Grimes. Has Treasury been asked to model an exit plan or a contract buyout for public native forest in New South Wales?

**PAUL GRIMES:** Not to the best of my knowledge, but I'll have to take that on notice to just see whether there's anything that's been requested of Treasury in the past.

**Mr JUSTIN FIELD:** Okay, I'd appreciate that. Would you have knowledge back to a certain point? Has it happened recently? It's just that there's a lot of public debate at the moment about the need to deal with the post-bushfire impacts, and there's a lot of discussion about whether or not Forestry can meet its contractual obligations. Do you recall any requests of Treasury for feedback, information or analysis of those potential impacts?

**PAUL GRIMES:** I'd have to refer to Ms Campbell, but she, in turn, may have to take it on notice. Ms Campbell?

**SONYA CAMPBELL:** Yes, thank you, Dr Grimes. I think we will have to take that on notice. What I can say is that there was an independent scoping study done in the past, and the Government had decided at that time not to proceed.

**Mr JUSTIN FIELD:** Are you talking about the privatisation?

**SONYA CAMPBELL:** Yes, correct.

**Mr JUSTIN FIELD:** That's separate.

**PAUL GRIMES:** We'll have to take it on notice. Not that I'm aware of, but that doesn't mean that there weren't requests.

**The Hon. DANIEL MOOKHEY:** Dr Grimes, can I ask you to turn to page A5 - 13 of *Budget Paper No. 1*, if you don't mind?

**PAUL GRIMES:** Did you say A5 - 13?

**The Hon. DANIEL MOOKHEY:** Yes, the whole-of-government measures statement.

**PAUL GRIMES:** The whole-of-government what?

**The Hon. DANIEL MOOKHEY:** Measures statement.

**PAUL GRIMES:** Yes.

**The Hon. DANIEL MOOKHEY:** You can see here there is a provision made to lift the public sector wages cap from 2.5 per cent to 3 per cent for two years and for the opportunity for workers to claim an additional 0.5 per cent in 2023-24 subject to productivity reforms, which you can see is a dot point. Can you see that dot point?

**PAUL GRIMES:** Yes, I can see that dot point.

**The Hon. DANIEL MOOKHEY:** Great. Can you tell me—this may be for Mr Midha as well—in terms of the whole-of-government expense that is allocated towards that in the 2023-24 year, of the \$611 million of additional expenditure that arises from these measures, how much of that comes from the 0.5 per cent productivity?

**PAUL GRIMES:** The 0.5 per cent would be funded from within existing agency budgets is my recollection—the additional 0.5 per cent.

**The Hon. DANIEL MOOKHEY:** Given it is reported as a material measure, I am not sure that's true.

**SAN MIDHA:** Dr Grimes is right. For the 2.5 per cent to 3 per cent, the 0.5 per cent is in that number. So that's the net number. Then the productivity increase of 0.5 per cent would be within agency budgets.

**The Hon. DANIEL MOOKHEY:** So their existing budgets?

**SAN MIDHA:** It's in the existing budgets. So they have to find productivity savings of that equivalent to be able to offer the 0.5 per cent increase.

**The Hon. DANIEL MOOKHEY:** Mr Midha, have we allocated additional money to those agencies to fund that 0.5 per cent productivity bonus or not?

**SAN MIDHA:** No, it has to be absorbed within agencies' budgets.

**The Hon. DANIEL MOOKHEY:** So there is actually no additional money that has been set aside for the productivity bonus.

**SAN MIDHA:** That's correct.

**The Hon. DANIEL MOOKHEY:** Can I ask, How does a worker claim an additional 0.5 per cent?

**SAN MIDHA:** The 2.5 per cent to 3 per cent?

**The Hon. DANIEL MOOKHEY:** That's a given.

**SAN MIDHA:** That's a given, yes.



**The Hon. DANIEL MOOKHEY:** I'm talking about the 3 per cent to 3.5 per cent for the 2023-24 year. It says here that workers have an opportunity to claim an additional 0.5 per cent. How does a worker go forward and claim that? If I'm a nurse sitting in a hospital, how would I claim that?

**SAN MIDHA:** The agency will have to find productivity within their own agency before they can offer that to the nurses.

**The Hon. DANIEL MOOKHEY:** The issue is that a lot of these people aren't bargaining and their agreements are going to be continuing, so do they write a letter? Does their union write a letter? How does this work? Where apparently 0.5 per cent is available, which is meaningful in the current cost-of-living crisis, how does a person get it if they are not bargaining?

**SAN MIDHA:** The wages policy isn't owned by Treasury; that policy is owned by DPC.

**The Hon. DANIEL MOOKHEY:** Indeed, but—

**PAUL GRIMES:** It'd probably be appropriate to refer that question to DPC.

**The Hon. DANIEL MOOKHEY:** But do you assess whether or not an agency has met a productivity target or is it purely a matter for their discretion?

**SAN MIDHA:** They would have to show us the productivity saving.

**The Hon. DANIEL MOOKHEY:** So you would have to sign off on it.

**SAN MIDHA:** It should be neutral. At the end of the day they could offer that additional 0.5 per cent, but there is no additional budget for it, so they would have to fund that through their own agency settings.

**The Hon. DANIEL MOOKHEY:** Sure, but when it comes to all union agreements and negotiations and all of the issues to do with employee expenses, usually Treasury keeps an eye on what the agencies are agreeing to or what they are not agreeing to. For an agency to spend its existing money to give this productivity benefit, do they need to get your permission or ERC's permission, or literally can the Department of Education go, "Great, done. Here is your cheque"?

**SAN MIDHA:** I will have to take that on notice on the process for 2023-24. I don't think we have developed any guidelines around that at this stage.

**Ms ABIGAIL BOYD:** I wanted to ask a question about the \$34.4 million in the budget that has been allocated to increased carbon storage and sequestration. Can someone tell me anything about what that is and where it's going to go in practice?

**PAUL GRIMES:** Do you have a page reference for the amount?

**Ms ABIGAIL BOYD:** Sure. It is page 7 - 7 in the outcomes statement in *Budget Paper No. 2*.

**RACHEL PARRY:** We might, if it's okay with you, use our 15-minute break to have a look at that and come back to you after the break.

**Ms ABIGAIL BOYD:** That would be really useful. I just wanted to know what the plans are for it. Is there going to be a grants program? What is it?

**RACHEL PARRY:** We'll try to come back this afternoon on that.

**SAN MIDHA:** I've got some answers to some outstanding questions.

**The ACTING CHAIR:** Sorry?

**The Hon. DANIEL MOOKHEY:** The officials have some further information. If they can do it now, it would be helpful.

**SAN MIDHA:** The toll rebate question—the \$520 million split is split between 2022-23 and 2023-24. The amount is \$246 million in 2022-23 and \$274 million in 2023-24. I don't have a split of motorists, but we expect around 500,000 motorists will benefit from it in total. The question on the \$1.9 billion that was injected into the TMF, that is in *Budget Paper No. 4* on page 10 - 7 under "Grants and Contributions" under "Receipts". This is the NSW Self Insurance Corporation, so it is \$1.942 billion. The other side unfortunately will be rolled up into the Treasury entity, which is "Grants and Subsidies". That is quite a large number: 193. That would be within that number.

**The Hon. DANIEL MOOKHEY:** How much between the two?

**SAN MIDHA:** Sorry?

**The Hon. DANIEL MOOKHEY:** How much of that \$1.9 billion is coming from the Treasury grant and how much is in the grant for SICorp?

**SAN MIDHA:** It's under "Grants and Subsidies" in the total amount.

**The Hon. DANIEL MOOKHEY:** Sorry, you'll have to go slower.

**SAN MIDHA:** It's within the total—it's on the line "Grants and Subsidies". The full amount is \$1.9 billion.

**The Hon. DANIEL MOOKHEY:** In the SICorp line?

**SAN MIDHA:** In the SICorp line, and the other side of the transaction is in the Treasury line.

**The ACTING CHAIR:** We'll now break for 15 minutes and come back at quarter to four.

**(Dr Sathanapally, Ms Wilkinson and Mr Achterstraat withdrew.)**

**(Short adjournment)**

**PAUL GRIMES:** Chair, this morning I made a reference to taxes, duties and penalties for unpaid amounts that would be made from The Star casino. I made a reference to Revenue NSW considering the matters further. In actual fact, it would be the Independent Liquor & Gaming Authority, so I thought it was appropriate to correct the record. They're both from the same cluster, but the Independent Liquor & Gaming Authority is the entity that makes those decisions. The second thing that I wanted to respond to is the date of which the western Sydney school proposals were considered by the WestInvest steering committee. My information is 25 May 2022.

**The Hon. DANIEL MOOKHEY:** I might ask Mr Deverall—so you can get an early mark as well—while I find the relevant paper, what is our current yield today on our three-year, five-year and 10-year debt?

**DAVID DEVERALL:** The 10-year debt is approximately about 3.95 per cent. If you went out to the market today to borrow 10-year money, it'd be about 3.95. As you could imagine, the shorter the duration, the lower the rate would be. I will just give you the exact numbers as of Friday. Bear with me for one second.

**The Hon. DANIEL MOOKHEY:** No problem.

**DAVID DEVERALL:** For TCorp to borrow 10-year money, so March 2033—sorry, 10 year is 3.94 per cent currently. If you wanted to go out five years to, let's say, 2028—this is March 2028, so it's five-and-a-bit years—that's about 3.58 per cent. And then you get the very short-dated—out to one year would be about 2.8 per cent. It is 2.79, to be precise.

**The Hon. DANIEL MOOKHEY:** Are you able to, on notice, provide me with the equivalent figure for this day last year?

**DAVID DEVERALL:** I certainly could.

**The Hon. DANIEL MOOKHEY:** Thank you. That would be helpful.

**DAVID DEVERALL:** I could almost give it to you exactly.

**The Hon. DANIEL MOOKHEY:** Why not?

**DAVID DEVERALL:** Yes. It saves me writing a report to you in 21 days. One year ago, if you took 2.46 per cent off that 10-year number—so it's 3.94 that I quoted you for 10-year debt.

**The Hon. DANIEL MOOKHEY:** Yes.

**DAVID DEVERALL:** If you took 2.46 off that, which is basically 1.48—is that correct?

**The Hon. DANIEL MOOKHEY:** Yes.

**DAVID DEVERALL:** And then for the, what did I call it, five-year number, which was March 2028, if you talk 2.6 off that, 260 basis points off that, which would be just slight, 0.98, that sort of thing, and then the one year, you took 2.7 off that.

**The Hon. DANIEL MOOKHEY:** So it is fair to say that our U-curve has flattened a little.

**DAVID DEVERALL:** Well, the U-curve has certainly gone up a lot, a step function upwards, and then the story of markets all over, it's flattened.

**The Hon. DANIEL MOOKHEY:** It's flattened. Yes, I know.

**DAVID DEVERALL:** But you'll cope with it.

**The Hon. DANIEL MOOKHEY:** Thank you, that's helpful. Can I ask a couple of questions now about the borrowing task?

**DAVID DEVERALL:** Yes.

**The Hon. DANIEL MOOKHEY:** How much are we borrowing this year?

**DAVID DEVERALL:** Yes, good question.

**The Hon. DANIEL MOOKHEY:** What's the net borrowing?

**DAVID DEVERALL:** At the budget it was announced it was \$28.2 billion, plus or minus a couple of hundred million.

**The Hon. DANIEL MOOKHEY:** Yes.

**DAVID DEVERALL:** We then immediately after the budget borrowed about \$4.2 billion, bringing the task for FY23 down to \$24 billion, so roughly \$2 billion a month. So where we stand at the moment, we've done approximately 20 per cent of that task, so we're running around about \$19.3 billion to go.

**The Hon. DANIEL MOOKHEY:** Is that across the three year, five year, 10 year?

**DAVID DEVERALL:** Well, it's right across. What we are trying to do, our strategy is to borrow for as long as we possibly can, and that makes the refinancing challenge pushed out many, many years into the future.

**The Hon. DANIEL MOOKHEY:** So what's the average yield of the money raised so far this financial year?

**DAVID DEVERALL:** This financial year, I do not know that number off the top of my head. What I do know is that the money that we've raised in the installed base of funds is roughly 2.1 per cent for all the book that we've raised. The question you're asking is for the amount that we've raised in this financial year—

**The Hon. DANIEL MOOKHEY:** Yes.

**DAVID DEVERALL:** —the \$5 billion or \$6 billion, what is that rate?

**The Hon. DANIEL MOOKHEY:** Yes, that's what I'm asking for.

**DAVID DEVERALL:** And it's going to be higher than that. It will be less than 4 per cent; probably above three and a half is my guess.

**The Hon. DANIEL MOOKHEY:** Do you expect market conditions to stay within the existing parameters, that is, the remaining part of the borrowing task is likely to be raised at that 3.5 to 4 per cent level?

**DAVID DEVERALL:** It's very hard to predict the direction of rates markets.

**The Hon. DANIEL MOOKHEY:** Maybe give it a try, Mr Deverell.

**DAVID DEVERALL:** I'd love to make a fearless forecast but I would be chastised if I did.

**The Hon. DANIEL MOOKHEY:** Well, a lot turns on it, but it's fair to say it's going to be at a much higher level than it was this time last year.

**DAVID DEVERALL:** Certainly where we are at the moment is much higher than we were last year, correct.

**The Hon. DANIEL MOOKHEY:** And currently you'll take on notice the average yield of the money raised to date.

**DAVID DEVERALL:** That we've done for the first two months of this financial year?

**The Hon. DANIEL MOOKHEY:** Yes.

**DAVID DEVERALL:** Certainly.

**The Hon. DANIEL MOOKHEY:** Thank you. We expect it to be about 3.5—or that's what you said, it was around that.

**DAVID DEVERALL:** Depending on the tenor of what we've raised, whether it's 10 year or seven year—

**The Hon. DANIEL MOOKHEY:** Yes, that's why its average.

**DAVID DEVERALL:** —or longer, it's going to be in that ballpark.

**The Hon. DANIEL MOOKHEY:** And I presume it's a weighted average.

**DAVID DEVERALL:** Exactly.

**The Hon. DANIEL MOOKHEY:** Can we turn very quickly to some of the funds?

**DAVID DEVERALL:** Yes, certainly.

**The Hon. DANIEL MOOKHEY:** We got the balance for the NSW Generations Fund this morning, the debt retirement component of it. Can I just get that again as of 30 June 2022?

**DAVID DEVERALL:** Okay. As of 30 June, the balance was \$14.7 billion. Where it sits today is about \$15.4 billion.

**The Hon. DANIEL MOOKHEY:** Yes.

**DAVID DEVERALL:** So the amount of money that was put into the fund at inception was roughly \$12.4 billion. So where we stand today it's about \$3 billion up and the average annual rate of return from then til now is about 7 per cent.

**The Hon. DANIEL MOOKHEY:** I appreciate that, but I'm just going to stick to the 30 June 2022, if you don't mind.

**DAVID DEVERALL:** Fine, no problems.

**The Hon. DANIEL MOOKHEY:** I accept that there's obviously movements, but they'll be reported next year.

**DAVID DEVERALL:** Subsequently, yes.

**The Hon. DANIEL MOOKHEY:** Because you only assess it—you report it for accounting purposes once a year, don't you?

**DAVID DEVERALL:** What we try to do is give an update. What you'll see in the annual report, which you'll get in three or four months' time, will be for the financial year ended June, and then what we also do is update the numbers as of December.

**The Hon. DANIEL MOOKHEY:** Yes, okay.

**DAVID DEVERALL:** The reason we don't for that is that for many of the funds, they have unlisted assets in their portfolios and they don't get revalued every day.

**The Hon. DANIEL MOOKHEY:** Yes, of course.

**DAVID DEVERALL:** Either quarterly or half-yearly.

**The Hon. DANIEL MOOKHEY:** That's just standard.

**DAVID DEVERALL:** That's correct.

**The Hon. DANIEL MOOKHEY:** I understand that. So \$14.7 billion is in the NSW Generations Fund.

**DAVID DEVERALL:** That's right.

**The Hon. DANIEL MOOKHEY:** Does your investment mandate for that fund still assume that the fund's balance is likely to rise to \$81 billion by the end of the decade?

**DAVID DEVERALL:** We manage the fund not based upon the amount of money that we have in the fund today or tomorrow. We manage the fund according to the investment objectives, which is a target of around about 6½ to 7 per cent and we build the portfolio to do that.

**The Hon. DANIEL MOOKHEY:** Have you been advised of an inflow next year for 2023-24?

**DAVID DEVERALL:** No, not at this stage. No.

**The Hon. DANIEL MOOKHEY:** When will you be advised about what the inflow is?

**DAVID DEVERALL:** That typically comes through the budget process.

**The Hon. DANIEL MOOKHEY:** Okay.

**DAVID DEVERALL:** So we get told the number during the budget process as to what that number might be.

**The Hon. DANIEL MOOKHEY:** What is the balance, as of 30 June 2022, for the Treasury Managed Fund investment portfolio?

**DAVID DEVERALL:** It's \$11.8 billion.

**The Hon. DANIEL MOOKHEY:** That's the investment portfolio, correct? The Treasury Managed Fund investment portfolio?

**DAVID DEVERALL:** That is correct. The number I have here is \$11.8 billion.

**The Hon. DANIEL MOOKHEY:** So that went down by \$1 billion?

**DAVID DEVERALL:** Yes. The story for most of the funds in 30 June, given that equities were down and bonds were down—literally everything was down.

**The Hon. DANIEL MOOKHEY:** Yes, it was a fun year.

**DAVID DEVERALL:** You had numbers for the NGF down around about 3 per cent for the year. The Treasury Managed Fund was down around 4 per cent for the year.

**The Hon. DANIEL MOOKHEY:** Thank you. Do you have the same figure for the NSW Infrastructure Future Fund?

**DAVID DEVERALL:** I do. That number was negative 5 per cent and the number is \$8.9 billion.

**The Hon. DANIEL MOOKHEY:** So we went from \$12 billion, the previous year, in the Infrastructure Future Fund, to \$8.9 billion?

**DAVID DEVERALL:** This fund is in outflow. So—

**The Hon. DANIEL MOOKHEY:** How much of that was outflow and how much of that was negative—

**DAVID DEVERALL:** The vast majority would have been outflow. This fund started with the—

**The Hon. DANIEL MOOKHEY:** Yes, another fund.

**DAVID DEVERALL:** Yes. Then it's been slowly in outflow and that has accelerated in the last few years, to the point where—

**The Hon. DANIEL MOOKHEY:** What was the investment proportion of that loss?

**DAVID DEVERALL:** I'm guessing it would have been around 0.5 per cent or \$500 million, is my guess, but the vast majority of it would have been outflows.

**The Hon. DANIEL MOOKHEY:** Can you, on notice, get the outflows and the investment loss?

**DAVID DEVERALL:** Sure. For the NIFF? Yes.

**The Hon. DANIEL MOOKHEY:** Yes, thank you. The Social and Affordable Housing Fund investment trust—what is its current balance as of 30 June 2022?

**DAVID DEVERALL:** That is just over \$1.5 billion.

**The Hon. DANIEL MOOKHEY:** That one is not in massive outflow?

**DAVID DEVERALL:** That was down about 5 per cent as well.

**The Hon. DANIEL MOOKHEY:** So that one has lost \$159 million?

**DAVID DEVERALL:** If that's correct. If that's the number—5 per cent of \$1.5 billion.

**The Hon. DANIEL MOOKHEY:** It had a balance the previous year of \$1.659 billion. So if it is at \$1.5 billion, it has lost \$159 million.

**DAVID DEVERALL:** I don't have the numbers in front of me, what was the inflows and the outflows and the investment returns.

**The Hon. DANIEL MOOKHEY:** Yes, don't worry about it. That one usually spends \$31 million a year.

**DAVID DEVERALL:** I've just got the investment returns. But I can take that on notice.

**The Hon. DANIEL MOOKHEY:** Fair enough. On page 6-4 of the budget paper, it shows a negative return on funds investment to date—that's okay. I think you've answered my question, if you don't mind taking that on notice. That's helpful. Mr Deverall, what's going on with your dividend?

**DAVID DEVERALL:** My dividend?

**The Hon. DANIEL MOOKHEY:** Yes. The TCorp dividend.

**DAVID DEVERALL:** This is the TCorp dividend? We have declared a dividend for the year. It was \$95 million.

**The Hon. DANIEL MOOKHEY:** Are you planning to reduce it?

**DAVID DEVERALL:** In my forecasts, no—not that I'm forecasting.

**The Hon. DANIEL MOOKHEY:** Can you go to page 7-8 of *Budget Paper No. 1*?

**DAVID DEVERALL:** I don't have that.

**The Hon. DANIEL MOOKHEY:** I'm sure someone can find it for you. Over the forward estimates—not one year, to be clear—there is:

... reduction of \$219.5 million in TCorp's dividends, primarily due to the decision not to proceed with a previously planned capital restructure for which additional dividends were projected at the time of the 2021-22 Budget

So what has happened?

**DAVID DEVERALL:** I'm not so familiar with this. What I can tell you, from my recollection of events, is that we were forecast to pay a bigger dividend in one of those years—

**The Hon. DANIEL MOOKHEY:** I think you were doing a capital restructure, not necessarily a dividend. It was a return of capital, I think?

**DAVID DEVERALL:** Yes. And we were advised that that was not needed, so we just paid a standard dividend.

**The Hon. DANIEL MOOKHEY:** Who advised you that that wasn't needed?

**DAVID DEVERALL:** Treasury.

**The Hon. DANIEL MOOKHEY:** Who?

**DAVID DEVERALL:** I don't know off the top of my head.

**The Hon. DANIEL MOOKHEY:** Dr Grimes, who told TCorp that they don't need to give us back \$219 million?

**PAUL GRIMES:** I'll have to take that on notice. But it would have been from Treasury to—

**The Hon. DANIEL MOOKHEY:** Maybe Ms Campbell is responsible for this, because that's where TCorp is managed. We did a capital review of TCorp's capital structure at some point. We decided that they can pay us back \$219 million. Then we decided that they don't need to. Take me through how that happened.

**SONYA CAMPBELL:** Mr Mookhey, that does sit in my portfolio, but I'll have to take that on notice and get some advice from my team.

**The Hon. DANIEL MOOKHEY:** Does anyone know? Honestly, the CEO of TCorp can't explain. The Treasury is sitting here. It's \$219 million—we're not getting that. What's happened?

**DAVID DEVERALL:** I do recall it was some time ago. There was a request by Treasury for us to pay a bigger dividend, which was the normal dividend plus an extra return of capital. Treasury decided that was not necessary, so we just returned the standard dividend.

**The Hon. DANIEL MOOKHEY:** Sure. I don't dispute that those are the facts that took place. What I'm trying to understand is what was informing Treasury's thinking around this because there is an implication here that you are sitting on more capital than you need, or you're not.

**DAVID DEVERALL:** I can't recall that.

**The Hon. DANIEL MOOKHEY:** Dr Grimes? No-one?

**PAUL GRIMES:** No, I can't provide further information at the moment. But it would be also a question of why was an amount actually budgeted for originally.

**The Hon. DANIEL MOOKHEY:** Yes. I am going to presume that this was done by your Assets and Liability Committee, or ALCO?

**DAVID DEVERALL:** No. ALCO would not have looked at this.

**The Hon. DANIEL MOOKHEY:** Well then, someone must have. Who did the capital work?

**PAUL GRIMES:** Indeed, I think we are indicating we need to take that on notice because none of us have the answer directly to these at the moment.

**The Hon. DANIEL MOOKHEY:** On notice can we find out who did the review, when the review was done, was the review made public, was it re-reviewed, if so, who asked for it to be re-reviewed and who did the re-review?

**PAUL GRIMES:** I'm not sure there was actually a sort of a review as such, but we can take on notice all of the relevant circumstances and provide information to you.

**The Hon. DANIEL MOOKHEY:** I have one more question about dividend policy, which maybe is to Ms Campbell, because it is to do with Sydney Water dividends. Apparently we are reducing Sydney Water dividends by \$455.4 million so that it can maintain its investment grade credit matrix. It is currently triple-B rated, is it not?

**SONYA CAMPBELL:** I believe that's correct, Mr Mookhey.

**The Hon. DANIEL MOOKHEY:** Was its rating under threat?

**SONYA CAMPBELL:** I don't have the answer to that question, Mr Mookhey. I'd have to take that on notice.

**The Hon. DANIEL MOOKHEY:** The implication of this is that had we insisted that it continue to pay us \$455 million that the rating would be under threat. Is that a fair inference for me to draw?

**SONYA CAMPBELL:** I believe that's correct, Mr Mookhey.

**The Hon. DANIEL MOOKHEY:** Have you been advised by the rating agencies if there's an issue with Sydney Water's credit rating?

**SONYA CAMPBELL:** I haven't had any direct conversation, but it is as a consequence of the Greater Sydney Water Strategy and the additional capital expenditure that's required by Sydney Water that had an impact on that originally projected dividend.

**The Hon. DANIEL MOOKHEY:** On page 7-9 of the budget paper on the Sydney Water Corporation dividend, the dividends under the forward estimates from it are set to go from \$259 million in this current year to \$352 million in 2023-2024, \$435 million in 2024-2025 and \$652 million in 2025-2026. I'm glad that it is so profitable that it is able to provide us with those dividends despite us reducing by \$4.5 billion but can you explain to us, particularly in those two last years, why is there such a massive spike in Sydney Water's dividend in years 2024-2025 to 2025-2026?

**SONYA CAMPBELL:** Thank you, Mr Mookhey. I don't have those precise details. I would need to take that question on notice.

**The Hon. DANIEL MOOKHEY:** I accept that IPART is doing the repricing of the water this year and that's why it is going up from \$125 to \$264—it's doubling in the next year because the five-year determination by IPART kicks in. But that five-year determination lasts for another five years. What I'm trying to understand here is that there's clearly something going on with Sydney Water's balance sheet, because its credit rating seems to be under some form of risk. We've reduced it by \$455 million. I accept that it has to fix the pipes and borrow more accordingly, but then we are still taking a lot of money out of it in dividends—quite an aggressive rise. How is that happening?

**SONYA CAMPBELL:** Again, Mr Mookhey, I'm happy to take that question on notice and come back to you.

**The Hon. DANIEL MOOKHEY:** This would have had to be agreed by the Treasurer in his statement of expectation that he had to issue Sydney Water. I presume he did issue that statement of expectation to Sydney Water?

**SONYA CAMPBELL:** Yes, that's correct. The statement of expectations will outline the Government's policy direction within which Sydney Water will run its commercial operations.

**The Hon. DANIEL MOOKHEY:** Yes, and it does a 10-year financial plan that informs that. I'm aware of that. Did the Treasurer ask for these extra dividends?

**SONYA CAMPBELL:** I can't speak for the Treasurer, Mr Mookhey.

**The Hon. DANIEL MOOKHEY:** Well, someone can. Did the Treasury provide advice to the Treasurer that that's possible?

**SONYA CAMPBELL:** I expect Treasury would have provided advice but I would need to get advice from my team, Mr Mookhey, to answer that question.

**The Hon. DANIEL MOOKHEY:** Equally, Landcom? Are there any issues with its dividend? It is going from \$24 million in 2023-2024 to double, or \$51 million, in 2024-2025. Are you expecting them to double all the years profitable? Has it got more coming off in that year? Is that a cash flow thing? What's going on?

**SONYA CAMPBELL:** Again, Mr Mookhey, I'm happy to take that question on notice.

**The Hon. PENNY SHARPE:** Mr Lewis and Ms Parry, coming back to you. I think you have got some numbers for me with regard to solar?

**The Hon. DANIEL MOOKHEY:** Sorry, we have nothing further for Mr Deverall. I'm sure he is wondering whether he can go. We have nothing further for Mr Deverall.

**(Mr Deverall withdrew.)**

**RACHEL PARRY:** Ms Sharpe, I've got three things that I'm coming back on. Two for you and one for Ms Boyd. But just to start, you asked this morning whether or not there were targets in the PDRS program between households and businesses. I can confirm that there is not. Because we're seeking the lowest cost for demand reduction, in essence we're letting—once the scheme is going, the market, in essence, will determine the split, so we have not put in targets between households and businesses. Ms Boyd, you asked the question in reference to *Budget Paper No. 2* in section 7.7 on the \$34.2 million on CCS. I can confirm that that refers to DPI work under the Minister for Agriculture so would best be directed to that portfolio. Ms Sharpe, you had a follow-up question or we didn't get to your question on the solar for low-income households. Mr Lewis has that information.

**ANDREW LEWIS:** Yes, Ms Sharpe. Last year there were 451 solar for low-income household installations made. The expenditure on that was \$2.97 million. As at the end of July, we had installed 1,396 solar systems in total. There are a further 238 households that have been approved to receive solar systems under that program.

**The Hon. PENNY SHARPE:** Sorry, can I just confirm, the 450 number, was that for 2020-21? Was it?

**ANDREW LEWIS:** That was 2021-22 installations.

**The Hon. PENNY SHARPE:** Right, and, sorry, the 1,396.

**ANDREW LEWIS:** That is total installations to date as at the end of July this year.

**The Hon. PENNY SHARPE:** Which was 2021-22. Sorry, I'm confused. What am I not understanding here?

**ANDREW LEWIS:** As at 27 July this year, since the program commenced in October 2019, there have been 1,396 installations.

**The Hon. PENNY SHARPE:** Got you. Okay, thank you. Can I ask then about the Empowering Homes scheme. My understanding is that that scheme closed in July. Is that correct?

**ANDREW LEWIS:** That is correct. Yes, that scheme has closed for new applications.

**The Hon. PENNY SHARPE:** And it was originally a pilot?

**ANDREW LEWIS:** Correct.

**The Hon. PENNY SHARPE:** And are you able to tell me how many people took up the scheme? I understand there are two components. One is the solar plus battery and then the other is retrofit battery. Are you able to give me a breakdown of that please?

**ANDREW LEWIS:** Yes, if you just give me a moment, I will be able to come back on that one for you.

**RACHEL PARRY:** I've got the numbers here if you like and then Mr Lewis can fill it in. As at July 2022, 596 installations have been completed with another 91 loans approved and awaiting system installation.



**The Hon. PENNY SHARPE:** You can do this on notice. The key issue here is that this was a pilot program in only some locations, which means given that it's closed and it's not being reopened, large sections of the State have not had access to it. Are you able to give this to me broken down by postcode please?

**RACHEL PARRY:** We can. We'll take that on notice. Just to note, while the Empowering Homes pilot was closed, the \$128 million Energy Bill Buster program was a replacement for that Empowering Homes program.

**The Hon. PENNY SHARPE:** And it allows you to do the same thing?

**RACHEL PARRY:** The Bill Buster program, as was canvassed by the Treasurer this morning, has two components. One is the solar for low-income households foregoing the energy rebate in terms of a solar installation. If an individual or family does not live in a household that is conducive to that solar installation, they can apply for energy-efficient appliances.

**The Hon. PENNY SHARPE:** Sure. I've got that. That's great. I know we've got to move on. Can you also give me the breakdown of the low-income household rebate by postcode too please?

**RACHEL PARRY:** We'll take that on notice.

**Ms SUE HIGGINSON:** I was just wondering if you could tell me—and I realise the administrator of the fund is perhaps Regional NSW, but the clean coal, the Coal Innovation fund, where it's up to and if we've decided that clean coal is perhaps not the best way to be spending such a large proportion of money.

**RACHEL PARRY:** I can talk to that at a fairly high level. The net zero plan committed to the Coal Innovation program, and that would provide incentives for coalmines to try to reduce those fugitive emissions that we talked about this morning. The Government really is looking to—and again under their NZET program of these large-scale, hard-to-abate sectors, and it is trying to create that incentive. That is again going through Coal Innovation NSW, of which I am a board member of that organisation, and again working with the coal industry to try to capture those fugitive emissions under that program.

**Ms SUE HIGGINSON:** Is it correct that there is still some \$67.6 million in holding in that fund? Would that be about right?

**RACHEL PARRY:** I would have to take that on notice.

**KATE WILSON:** I think that sounds about right.

**RACHEL PARRY:** That sounds about right but I don't want to—

**KATE WILSON:** That's held by Regional NSW.

**RACHEL PARRY:** Yes.

**KATE WILSON:** That's different from the NZET funding, and that's for research specifically. I know they do annual reports to Parliament as well, which you've probably seen.

**Ms SUE HIGGINSON:** Is there capacity to change the terms or recall? Because it seems so bizarre that since 2012 that money has been sitting there, barely spent. There's been a bit of spend each year. The organisation seems to be living and surviving off the interest of that fund. It would seem that \$67.6 million right now could go into serious emissions reduction, given that we are not even actually currently reducing our scope 1s and 2s in this sector.

**RACHEL PARRY:** Again, I don't want to sound unhelpful, but we're not the ones who administer that fund, so I would direct those questions to the Deputy Premier.

**Ms SUE HIGGINSON:** I suppose the question then really is whether there is scope to recall, have a look or Treasury work with Regional to talk about when that money will be spent? Is there any provision?

**RACHEL PARRY:** Again, I think that would be a question best directed towards them, as the holder of the program and as the holder of the funds.

**Ms SUE HIGGINSON:** So once we give, we just let go of it, whether it's well-spent money or functional money? I'll ask them that. I have one other question not on coal—in relation to the current New South Wales hardwood public sector forestry operations, of which Treasury is a shareholder of the State-owned corporation. I'm curious about whether there is scope and you are looking at the possible quite radical increases in the costs of that operation, given the current pattern of noncompliance. I think it might have been mentioned this morning, there was an episode on TV last night with an exposé, but it actually raised a really serious financial question about noncompliance. It did say, and the New South Wales EPA has confirmed, that there are possibly another nine prosecutions in the pipeline. The maximum penalties for those are \$2 million. Naturally, we wouldn't be

factoring in the maximum penalty. But, if we were, we're looking at an extra \$18 million. That's on top of the current subsidies that that industry is receiving the benefit of, which I understand are quite large. And it was revealed that currently the taxpayer is subsidising that part of the industry at \$441 per hectare. Are you alert and aware that this State-owned corporation is quite financially rogue at the moment? Perhaps let's consider the costs of the harm that we're actually doing, like driving species to extinction and logging the public forest estate. Is that on Treasury's radar as a cost?

**SONYA CAMPBELL:** I might take that question, thank you, Ms Higginson. I'll do my best to answer it.

**Ms SUE HIGGINSON:** Thank you.

**SONYA CAMPBELL:** The first thing I would say is that forestry policy matters are a matter for the Department of Regional NSW. Secondly, I would say that we are aware of the noncompliances. The story last night related to an incident that dates back a couple of years. Forestry Corporation have acknowledged that that was a result of human error in relation to mapping and marking and did impact a very small number of trees relative to what they produce, and that they had dedicated a further 14 hectares for koala habitat above what was required to be protected by regulations.

**Ms SUE HIGGINSON:** That's what they say.

**SONYA CAMPBELL:** Yes, that's what they say. Since then they have taken steps to improve their compliance and, obviously—as my colleague said earlier, I think the Treasurer—are subject to the highest standards by the EPA. The other thing I would say is that it's only around 1 per cent of the two million hectares of hardwood forest.

**Mr JUSTIN FIELD:** Well-circulated talking points, weren't they?

**Ms SUE HIGGINSON:** Yes. Thank you very much for that, but the 1 per cent is incredibly frustrating on anyone's part. If it happened to be the 1 per cent that is, for example—if we're talking about landscape significance. Uluru is probably only the smallest percentage of this country, but if all of a sudden it disappeared, it would have catastrophic impacts. So it's really not something we should be talking about. That part of our public forest estate happens to be incredibly significant to biodiversity and threatened species survival. So thank you for that point, but it's not one that will wash here with me, and I don't think it should continue to wash with you as the public sector.

**SONYA CAMPBELL:** Yes, thank you. Your point is noted. But, again, those matters of forestry policy belong with the Department of Regional NSW. So I would suggest that you ask those questions when their time comes.

**Ms SUE HIGGINSON:** I will. To the finance question, which was really what I was getting to, is that on our radar in terms of our taxpayers and the money that we may well be liable for?

**SONYA CAMPBELL:** I can't speak to the liabilities. Obviously they haven't been proven, so we just have to reserve any opinion on that. But in terms of the earnings of the business, that's absolutely something that Treasury will monitor. We are aware of the losses, particularly in the hardwood business. But what I would say is that it has been pretty devastating over the last couple of years in terms of bushfires and floods, and a lot of money has been allocated by Forestry towards recovery efforts.

**The ACTING CHAIR:** You've still got two minutes.

**Ms SUE HIGGINSON:** Over to you. You can have half.

**Mr JUSTIN FIELD:** Thank you. This might be for you, Mr Lewis. I think you'd started on this before. Just to go back to the pipeline if we could, we started talking about the process and where things are at. I understand you're looking at it, but if you can just provide a little bit more detail about what that process looks like and likely time lines for the assessment of that application that has been made.

**ANDREW LEWIS:** Of course, Mr Field. As I mentioned before, we have received an application for an authority to survey. We are now undertaking consultation with the community, and that's an eight-week consultation process that commenced last week. In the ATS application, the proponent is required to provide details of all the lands that they're seeking access to. So we have written to all landholders and occupiers of those to seek their feedback on the application, including any conditions of entry that they may require or would like the Minister to consider once this goes to the Minister for his assessment. And that relates to things like particular biosecurity requirements or if, for example, it's a lambing property, then obviously there are issues around having access at lambing time. So we're trying to understand, given the length of this infrastructure, what some of the specific requirements are that the Minister may need to take into account.

**Mr JUSTIN FIELD:** Correct me if I'm wrong, but you still haven't made a decision as to whether or not the application meets all of the criteria and is adequate. So you're already engaging with landholders where they're seeking access before you've made that determination as to whether or not the application is even sufficient.

**ANDREW LEWIS:** Our consultation process is part of our assessment of the application itself. We want to make sure that, as I said, the landholders and occupiers that are potentially impacted by this ATS have the opportunity to provide comment on the application so we can look at that. And that goes to, as I said, not only the potential conditions that might be applied to an ATS, if it is approved, but more general comments around the application itself and whether landholders and occupiers believe it is robust.

**Mr JUSTIN FIELD:** Sure. The proposed corridor has shifted quite a bit since the original approval. For those landholders who aren't being contacted because the proponent doesn't intend to survey on their land, at what point do they get a look in in this process?

**ANDREW LEWIS:** Technically, the corridor has not changed. It is still a 200-metre wide corridor.

**Mr JUSTIN FIELD:** But now we're getting down to 30-metre specifics, right? It changed, according to the landholders.

**ANDREW LEWIS:** Yes. The ATS application in this instance I believe is being used by the proponent to get its finalisation of what the final route alignment for the pipeline might be. That alignment could potentially deviate outside of the currently approved 200-metre corridor that was part of the original planning approval from 2009, I believe. Obviously, over that period of time there has been a number of land use changes, different property sizes et cetera, so the proponent, I believe, is seeking to understand what might be the most appropriate alignment. Now, this is primarily a matter for the planning portfolio, but what I can say is that there are a number of circumstances where the proponent could apply for a final alignment that lies outside of the 200-metre corridor. But there are various requirements that they would have to meet in doing that, and that's a matter that's more appropriately addressed to the planning department as the appropriate authority.

**Mr JUSTIN FIELD:** Right. So for the people who are likely to get a survey, you talk to them. But for anyone else, if the alignment changes as a result of this survey that's being done, they've got to go speak to the planning department and have a dispute over whether or not the conditions that went with the original approval are being met.

**ANDREW LEWIS:** The ATS is purely about doing surveys to finalise the land. I absolutely understand the point of your question.

**Mr JUSTIN FIELD:** Just to be clear, people are writing to me. Landholders are confused about this process. It has been dragging on for years. The proponent has been given quite a lot of flexibility here to make the applications. I think I first spoke to Minister Kean in 2020 or 2019 about this original application. So this is dragging on; landholders are confused. Can they say no under the Act that governs Minister Kean's responsibility in signing off on this survey for the pipeline?

**ANDREW LEWIS:** Are you meaning—

**Mr JUSTIN FIELD:** Can a landholder say no to a survey?

**ANDREW LEWIS:** —if we assume that an ATS is granted by the Minister, can they say no?

**Mr JUSTIN FIELD:** That's right.

**ANDREW LEWIS:** They are entitled to say no. However, given that an ATS—if it were to be, in effect, covering their property—is a legal instrument, the proponent could seek a range of measures to enforce access, if they wish. But that is primarily a matter for the proponent to consider.

**Mr JUSTIN FIELD:** What are the Minister's considerations here in making a determination? What's he weighing up?

**ANDREW LEWIS:** The purpose of the ATS, in this instance, is to allow finalisation. In order for the pipeline to be properly designed and engineered, there are a number of different geotechnical or other studies that would be undertaken as part of the survey. This is intended to allow for finalisation, as I said, of the design and engineering as well as the route of the pipeline, because different aspects of whether it's soil types et cetera, incline levels, wetland stressors, how it would need to be constructed if it was going along a road or was a—

**Mr JUSTIN FIELD:** So the Minister's considerations are technical. The advice he is going to get as to whether or not to approve this is based on the survey requirements to construct a feasible and functional pipeline. Is that what you're saying?

**ANDREW LEWIS:** That is what the proponent is seeking approval for—

**Mr JUSTIN FIELD:** But that's the Minister's consideration.

**ANDREW LEWIS:** —and the assessment is done based on the provisions of the Act and the regulation, which are set out to be taken into account by the Minister.

**Mr JUSTIN FIELD:** So he's not weighing up ecological or social impacts for this. That's being done, and from your perspective, through the planning process.

**ANDREW LEWIS:** That is correct, yes. That is part of the planning process and would also be taken into account by the planning team: Were there any modifications or variations sought to the existing approval?

**Mr JUSTIN FIELD:** It begs the question as to whether or not this is worth the effort, to be honest. This might be for you, Ms Parry, I suspect. Victoria is moving to develop a plan to move away from gas used in homes and businesses. Is there any plan for New South Wales to adopt a similar strategy—to start to wean our businesses and households off gas, an increasingly expensive energy source?

**RACHEL PARRY:** Thanks for your question, Mr Field. No, at this point there is not. I think there are two points that I would like to make around that. One is around what the New South Wales Government is looking to do to address the gas shortfall that's predicted by AEMO, and also the role of gas and the importance of the role of gas in underpinning renewable energy and where we are going and for it to serve an important role for gas-powered generation and the important role that that plays in the market.

**Mr JUSTIN FIELD:** Part of getting the shortfall—is any part of it trying to reduce the use of gas?

**RACHEL PARRY:** Well, there are two things I would say about that. There isn't an active program that we're saying, "No". There are some residential programs that—and, again, I'll just confer with Mr Lewis as to whether or not any of the planning by-laws are indicating any specific new builds are limited in the gas. But it's not an active policy to be weaning large manufacturers or businesses off gas. What the Government is focused on is ensuring there's adequate supply and they're doing that through a number of means, looking at Narrabri, looking at import terminals, looking at expansion of the pipeline coming from north-south—again, the importance of ensuring that there's adequate peaking capability within the generation system, within the energy system, to support the volume of renewables that are coming in.

**Mr JUSTIN FIELD:** Is there an existing published forecast for gas usage in New South Wales between now and 2030?

**RACHEL PARRY:** Yes, there is.

**ANDREW LEWIS:** Yes. We rely on the Australian Energy Market Operator's gas system of opportunities and the forecasts it contained not only for New South Wales but the broader east coast gas market.

**Mr JUSTIN FIELD:** I think our usage is quite a bit smaller than Victoria's in terms of domestic use. Do you know offhand how much of our household energy comes from gas?

**ANDREW LEWIS:** New South Wales' gas consumption is approximately 130 petajoules per annum. Of that, I think maybe around 30 to 40 petajoules is for domestic and the remainder is for commercial and industrial as well as gas-powered generation.

**Mr JUSTIN FIELD:** You'd acknowledge that, irrespective of dealing with those constraints on supply, gas pricing is not going to go down any time in the near future. It'd be in the economy's interest for us to wean ourselves off gas as quickly as possible.

**RACHEL PARRY:** I, again, would point to a few things. One, that is the point of the road map: that the volume of renewables coming into the system—to ensuring we have properly structured renewable energy zones to ensure that orderly transition that is happening across the energy market. The second point that I would make, Mr Field, is the investment that the Government is making in hydrogen and the development of the hydrogen industry and green hydrogen. That is a large part of our NZET program as well: to try to get those large businesses looking to decarbonise. Part of that is shifting towards where their energy sources are coming from and the development of a green hydrogen industry.

**Mr JUSTIN FIELD:** That is going to be useful for commercial users, but you just talked about the renewable energy zones, getting them set up. That assumes that households are going to have electricity appliances to run. At the moment, there's not really a disincentive to buy new gas appliances. Why aren't we doing what other States are doing, which is trying to move people off new gas appliances, which just create a pull factor for some of the most expensive, hard-to-get and damaging fossil fuels that are out there? Is there any plan at all to look at should we do this, how do we do it, what could be saved by households?

**ANDREW LEWIS:** Obviously, a policy decision is a matter for the Government of the day. What I can say—just to add to the answers that Ms Parry has given—is that there are a number of programs and initiatives that are being run under the general emissions reduction framework where substitution of gas for electricity or other lower emission fuels, such as biogas and renewable gases, receives incentives and various funding opportunities. Whilst there is not necessarily—in a similar vein to the Victorian Government or maybe the ACT Government—one single overarching policy document, what I can say is that there are a number of programs and policy initiatives both in the design and specific program funding where gas substitution is certainly an eligible activity.

**The Hon. PENNY SHARPE:** I'm not quite sure who this is to, but we'll see how we go. I want to go back to the road map and basically just test—we've obviously this morning had discussions with the Treasurer about his confidence in being able to deal with the gaps given the pressure we've got with a lot of coal-fired base load coming offline. I just wanted to confirm that the road map basically sets the new minimum generation targets of 12 gigs for new generation by 2030. Who can tell me about the modelling that's being done for that, given the scenarios raised by the Treasurer this morning?

**RACHEL PARRY:** I think it'll be between Mr Hay and myself.

**The Hon. PENNY SHARPE:** There you go, Mr Hay, you did get a question.

**PAUL GRIMES:** We've got two deputy secretaries here who both overlap in various ways.

**The Hon. PENNY SHARPE:** Perfect. Thank you.

**JAMES HAY:** Just to be clear, Ms Sharpe, you're thinking about the modelling that underpinned the 12 gigawatt target?

**The Hon. PENNY SHARPE:** We can all see that we've got some pretty large challenges in relation to time frame, infrastructure development and replacement as the coal-fired generators come offline. I'm trying to understand the scenario of planning that you are doing—what that looks like and who's doing that?

**JAMES HAY:** There's a number of aspects to that. As you know, the road map has a number of different entities. A lot starts with AEMO and its Integrated System Plan. That has recently been updated with its step change in demand. That plays out into the plans for both network and generation. Another angle to it is the consumer trustee, which is independent of New South Wales Government and is responsible for mapping the course to building the 12 gigawatts by 2030—that's in its *Infrastructure Investment Objectives Report*. I note the first auction is due to commence at the beginning of October, where they are looking for—like any auction, they don't have to accept any bid, and they might accept more, but the target is 2½ gigawatts of renewable energy to get long-term energy service agreements as a result of that auction. They have a pathway to get to the 12 gigs. The modelling that's done, therefore, is firstly at AEMO's level, which is a system reliability focus. Then there is the consumer trustee, which is about a build focus, matching that build and focusing on the long-term cost to New South Wales consumers.

**The Hon. PENNY SHARPE:** Thank you, Mr Hay. I sort of understand the pieces as they come together. What I'm trying to understand is the nature and role of the scenario modelling that you may or may not be undertaking if we're going to be under pressure—

**JAMES HAY:** With a focus on reliability?

**The Hon. PENNY SHARPE:** —with the retirement of the New South Wales and Victorian generators.

**JAMES HAY:** In terms of focusing on reliability—are the lights going to go out?—the first—

**The Hon. PENNY SHARPE:** I could have put it that way, yes.

**JAMES HAY:** The first bit for New South Wales is the energy security target, which we talked about this morning. That is modelled by AEMO as the energy security target monitor. That is applying the test that we talked about, the one in 10-year minus two of the largest units at any given time. My colleague Andrew Kingsmill will give us a little bit more detail in a moment. The other is AEMO as the national market operator with its ESOO, or energy statement of opportunities. That's looking at the reliability standard that applies under the National Electricity Market. One is a probabilistic and one is deterministic test. We're modelling it from two different points of view, which is a useful innovation.

**The Hon. PENNY SHARPE:** At what point do you say to the Minister, "We have got a problem"? Or is this a consistent level of modelling that you are doing that's tracking how it's going?

**RACHEL PARRY:** As Mr Hay has outlined, it does go back largely to AEMO. It is a consistent set of assumptions underpinning this. Again, looking at the increased demand scenario through the ESOO we then apply

a New South Wales-specific energy security target over that. We look—again, Ms Sharpe, quite conservatively—around what we think that supply/demand balance is going to be and only consider certain committed projects in determining what that gap is going to be. For instance, the most recent *Energy Security Target Monitor Report* indicated that there was going to be a gap that was emerging underneath that scenario of the EST monitor, because we couldn't consider at that time as the Waratah Super Battery needed to be considered. Once the Waratah Super Battery was considered, that gap decreased.

But again, under the road map the Minister has at his disposal a number of levers that he can pull. He pulled that latest lever in issuing a firming direction to the consumer trustee. The Minister took the view, under the advice of the department, that there could potentially be a breach that emerges in the realm of about 350 megawatts in the time of Eraring coming out. He directed the consumer trustee to run a firming round. What happens then is the consumer trustee goes and forms an independent view in terms of confirming what that gap is and how it could best be filled before it runs around.

**The Hon. PENNY SHARPE:** Thank you, Ms Parry. I appreciate that there are many different pieces to this puzzle. My real question is: As you are looking at this from a policy perspective, are you as confident as the Minister that the targets that are set out in the road map will be able to be met by 2030, given the slippage that there is with regard to planning? Looking at Snowy and the problems that we've recently had in east coast capacity, are you as confident as the Minister is that this will be able to be delivered?

**RACHEL PARRY:** I guess what I would say, Ms Sharpe, is that we have a number of tools at our disposal, and we are actively using all of them—whether it's the implementation of the road map and the acceleration of the implementation of the road map, whether it's the running of the firming rounds or whether it's the procurement of the Waratah Super Battery—as well as working with our colleagues across the National Energy Market to look at what a capacity mechanism will look like and what is a regulated exit contract looking like. There are a number of different pathways, as well as transmission build.

What I would say is, yes, we have a number of different activities and levers at our disposal—the Minister has at his disposal. He is actively looking at those all the time. It's not a secret to say that the supply-demand balance in New South Wales is tight. But again, we are conservative in our projections about what comes online when. For instance, we're watching Snowy very carefully. In addition, HumeLink—we're watching that very carefully and making sure that we adjust, as well, our expectations of when those gaps may emerge. Right now, with all the levers that have been pulled, we don't feel that there is a gap that is emerging that can't be dealt with through the existing mechanisms. But Mr Hay or Mr Kingsmill may have something to add to that.

**The Hon. PENNY SHARPE:** Thank you, no, that's fine. At the last estimates we talked about Transgrid and the status of the guidelines being developed when engaging with private property owners. I think the Minister told us they would be available imminently. Are they now available?

**JAMES HAY:** The guidelines for transmission development are still in progress.

**The Hon. PENNY SHARPE:** So they're not finalised?

**JAMES HAY:** Not finalised at the moment. We'll be engaging on those shortly. I don't know, Andrew, if you've got anything to add on that?

**The Hon. PENNY SHARPE:** Okay, so they're not ready to go. This morning we talked a little bit about the REZs and the declarations that are outstanding, of which there are many. Some have obviously been through their initial round. Why are they not being declared?

**JAMES HAY:** I can give you a little bit more of an update on that. It is a process to go around drawing lines on maps, and so that needs extensive engagement—which we've done, as you know, with the registrations of interest, and then we engage on those to do those. Central-West Orana was formally declared on 5 November 2021. New England was formally declared on 17 December 2021. We're now in the process of the draft declaration for South-West; it was on exhibition for four weeks from 22 April 2022. The final declaration of that is imminent. The Hunter-Central Coast REZ—the draft declaration will be publicly exhibited in September, with a final declaration due there shortly thereafter. The Illawarra REZ—that declaration is again expected. We're targeting the end of the year; we've just finished the EOI process. There'll be some announcements on that shortly.

**The Hon. PENNY SHARPE:** Is the issue here that you're basically doing the REZ declarations sequentially to avoid overspreading and diverting investment resources? If one is delayed, are the others delayed?

**JAMES HAY:** No, it's simply the process of engaging. Central-West Orana was underway before the road map, so it is about engaging with those communities. We've used a similar team and a similar methodology, so they've been working through the REZs in that sequence.

**The Hon. PENNY SHARPE:** Is New South Wales yet to finalise the transmission efficiency test?

**JAMES HAY:** We've been working on that. The transmission efficiency test has a number of aspects so, Andrew, do you want to pick that up?

**ANDREW KINGSMILL:** Yes, absolutely. The transmission efficiency test and the guidelines for it will actually be consulted on by the Australian Energy Regulator, and there are two sets of guidelines that the regulator is planning on consulting on. One is where a transmission infrastructure project is delivered contestably, and those guidelines will be consulted on very shortly. For those regulations, the drafting is underway.

**The Hon. PENNY SHARPE:** When do you anticipate that that will be finalised?

**ANDREW KINGSMILL:** I might take that one on notice and we will come back with that if we can, please. The second set of guidelines is for non-contestable projects, and that will be a different nature of assessment. That will be more similar to what is done currently under the rules, and they will be consulted on later in the year. But both guidelines are expected to be in place by the end of this calendar year.

**The Hon. JOHN GRAHAM:** Secretary, through you, I might return to one of Mr Midha's answers on that capital slippage issue. Could we just go back to *Budget Paper No. 1*, page 5 – 11?

**SAN MIDHA:** At 5 - 11?

**The Hon. JOHN GRAHAM:** Yes, table 5.3. It was just this question about what percentage of the 2022-23 capital expenditure—the \$8 billion capital slippage—is in this year. I think you refer to it as 21 per cent.

**SAN MIDHA:** Yes.

**The Hon. JOHN GRAHAM:** I take it that's for the broader budget, is it, and not for the general government sector?

**SAN MIDHA:** That's the total capital of the \$30 billion we have for the—no, that'll be the general government sector.

**The Hon. JOHN GRAHAM:** So 21 per cent for the general government sector.

**SAN MIDHA:** So \$30 billion, yes. If you add \$8 billion to the \$22.6 billion, you would get \$30 billion.

**The Hon. JOHN GRAHAM:** Yes, \$30 billion.

**SAN MIDHA:** So that's the 20 per cent.

**The Hon. JOHN GRAHAM:** So \$8 billion over \$30.666 billion would be closer to 26 per cent. Does that sound right to you?

**SAN MIDHA:** I have been told it's 21 per cent, so I assume if it's not—

**The Hon. JOHN GRAHAM:** That just does not scan with the figures in the budget note. So I assume—

**SAN MIDHA:** I'll check that and come back for you.

**The Hon. JOHN GRAHAM:** But I'd be correct in saying it's really comparing the \$22.666 billion, add the \$8 billion to give you the number by which to make that assessment. It is the \$8 billion over that figure.

**SAN MIDHA:** I'm just checking on that. I will confirm that soon.

**The Hon. JOHN GRAHAM:** Great. Then looking ahead, you've told us you will tell us what the capital slippage is for the year ahead of that and the year after. You've taken that on notice.

**SAN MIDHA:** I'll take that on notice, yes.

**The Hon. JOHN GRAHAM:** But we know it's \$50 million for the 2025-26 year. Can you confirm that that percentage is 0.2 per cent?

**SAN MIDHA:** I will come back to you. I am just confirming the 21 per cent is for the NFPS sector, which is the GGS and the PNFC.

**The Hon. JOHN GRAHAM:** Correct, yes. That was my assertion to you. So you agree, then, that while it's lower for that sector, for the general government sector it's actually 26 per cent, not 21 per cent?

**SAN MIDHA:** That's right, yes. The maths works out.

**The Hon. JOHN GRAHAM:** Yes, so just to confirm, 26 per cent capital slippage in 2022-23 and 0.2 per cent capital slippage in 2025-26.

**SAN MIDHA:** I will confirm that and come back to you in about 15 minutes.

**The Hon. JOHN GRAHAM:** Thank you.

**The Hon. DANIEL MOOKHEY:** Just on that, that \$22.666 billion that is described as the capital budget for 2022-23 on table 5.3 on page 5 - 11, that excludes the \$8 billion allowance, does it?

**SAN MIDHA:** It excludes it, yes.

**The Hon. DANIEL MOOKHEY:** Mr Secretary, through you, in order to implement the proposed changes to stamp duty to introduce a land tax choice, does that require legislation?

**PAUL GRIMES:** Yes, it does. I might hand to Ms Wilkie to help you with more detailed questions.

**The Hon. DANIEL MOOKHEY:** So it requires legislation. That's correct?

**JOANN WILKIE:** Yes, it does require legislation.

**The Hon. DANIEL MOOKHEY:** Has legislation been drafted?

**JOANN WILKIE:** Legislation is currently being drafted.

**The Hon. DANIEL MOOKHEY:** When do you expect the draft to be complete?

**JOANN WILKIE:** A first draft is complete and is being quality-assured at the moment—well, we are looking through it. It's a complex piece of legislation.

**The Hon. DANIEL MOOKHEY:** Indeed. When do you expect it to be introduced into Parliament?

**JOANN WILKIE:** The Government is intending to introduce it in the second half of this year.

**The Hon. DANIEL MOOKHEY:** We're in the second half of this year.

**JOANN WILKIE:** Yes. I can't at this point be any more specific.

**The Hon. DANIEL MOOKHEY:** We have five sitting weeks left for a complex piece of legislation. Has a decision been made as to when in those five sitting weeks it is to be introduced?

**JOANN WILKIE:** That's a matter for Government decision.

**The Hon. DANIEL MOOKHEY:** Have you been given a time line as to when it needs to be ready for?

**JOANN WILKIE:** The second half of this year. I'm sorry, Mr Mookhey, I can't be any more specific than that. It's a matter for Government decision.

**The Hon. DANIEL MOOKHEY:** I appreciate that. Is it still the intention to commence this system from 13 January next year?

**JOANN WILKIE:** Yes.

**The Hon. DANIEL MOOKHEY:** What happens if you don't pass the law?

**JOANN WILKIE:** That will be a matter for government. Clearly, if the legislation has not been passed, the scheme start date will need to be adjusted.

**The Hon. DANIEL MOOKHEY:** You describe it as a complex piece of law. Do you know how many laws need to be amended?

**JOANN WILKIE:** Not off the top of my head. I will need to take that on notice.

**The Hon. DANIEL MOOKHEY:** Is there an intention to publish an exposure draft publicly and seek feedback?

**JOANN WILKIE:** That decision has yet to be taken by the Government.

**The Hon. DANIEL MOOKHEY:** Is it a decision for government or is it a decision for Treasury?

**JOANN WILKIE:** It's a decision for government, Mr Mookhey.

**The Hon. DANIEL MOOKHEY:** Okay. And they are yet to decide?

**JOANN WILKIE:** Yes.



**The Hon. DANIEL MOOKHEY:** Putting aside the merits or otherwise, with the technical complexity of a law change like this, is there currently any opportunity for people to provide any comment to the draft other than the processes that you've already done?

**JOANN WILKIE:** The legislation, as I said, is still in a draft form. Treasury itself is still reviewing that current draft of legislation. Previously, we had set up a panel of tax experts who were going to review the bill for the proposal that was being considered last year. We expect to use the same process again, but we are yet to have that confirmed by the Treasurer.

**The Hon. DANIEL MOOKHEY:** Who is on the panel of tax experts?

**JOANN WILKIE:** I would have to take that on notice. We will need to reconvene that panel if we are going to take that approach, so it may not be the same set of people that we had convened last year.

**The Hon. DANIEL MOOKHEY:** Can you, on notice, provide us who was on last year's panel?

**JOANN WILKIE:** Yes.

**The Hon. DANIEL MOOKHEY:** How do you choose that panel?

**JOANN WILKIE:** It's a panel of experts in terms of consultation. I believe the way we did it last year—but, again, I will have to confirm this on notice—was consulting with stakeholders more broadly in terms of who they would recommend be included on that panel, as well as using our own judgement, and then putting that to government for a decision.

**The Hon. DANIEL MOOKHEY:** Ms Wilkie, I have had experts in State tax law contact me and say that they didn't choose to go on that panel because they were required to sign a non-disclosure agreement and any views that they wished to articulate publicly would be restrained as a result. Are you intending to require any such expert to enter into such an agreement?

**JOANN WILKIE:** It will depend at the point in time—if we go ahead with using such a panel, it will depend on the point in time which that part of the process is at.

**The Hon. DANIEL MOOKHEY:** How many first home buyers do you expect to choose to pay a land tax next year?

**JOANN WILKIE:** Just one moment, while I bring up that information.

**PAUL GRIMES:** I believe it's 6,500, if I'm reading the note here correctly.

**JOANN WILKIE:** Yes, that's correct—6,500.

**The Hon. DANIEL MOOKHEY:** As a proportion of first home buyers, how much is that?

**JOANN WILKIE:** It's about 6 per cent.

**The Hon. DANIEL MOOKHEY:** Six per cent of first home buyers. Is it now the case that any first home buyer who purchases a property of less than \$600,000 pays no stamp duty?

**JOANN WILKIE:** That's correct. They would have access to the stamp duty concessions.

**The Hon. DANIEL MOOKHEY:** How many people access that concession? Do you know?

**JOANN WILKIE:** I would have to take that on notice.

**The Hon. DANIEL MOOKHEY:** So that 6,000 that are expected to choose, I presume that is first home buyers who are currently not exempt? Or is it your view that that includes people who are currently entitled to an exemption but will choose to pay a tax anyway?

**JOANN WILKIE:** We would expect that there are some people who, even though they are entitled to a partial exemption, would still choose the property tax, because it is dependent on the unimproved value of the land and how long they intend to hold the property.

**The Hon. DANIEL MOOKHEY:** That partial exemption is for first home buyers who purchase a property between \$600,000 and \$800,000, correct?

**JOANN WILKIE:** Correct.

**The Hon. DANIEL MOOKHEY:** You're saying that there's a category of people in that cohort who will make the choice. Do you know how many?

**JOANN WILKIE:** Well, I'd have to take that on notice in terms of—oh, wait on.

**The Hon. DANIEL MOOKHEY:** How many first home buyers purchase a property that is worth more than \$800,000?

**JOANN WILKIE:** Sorry?

**The Hon. DANIEL MOOKHEY:** How many first home buyers purchase a property that's worth more than \$800,000 per year?

**JOANN WILKIE:** I'll have to take that on notice.

**The Hon. DANIEL MOOKHEY:** Okay. Revenue NSW tells me that they don't keep that data so I have no idea. Does Treasury have any modelling on this, or any data on this?

**JOANN WILKIE:** We've done some modelling on that, yes.

**The Hon. DANIEL MOOKHEY:** The 6,000 presumably includes people from \$600,000 upwards. Correct?

**JOANN WILKIE:** That's correct.

**The Hon. DANIEL MOOKHEY:** What percentage does that 6,000 work out to be of people above \$800,000, or will you need to take that on notice?

**JOANN WILKIE:** I'll have to take that on notice.

**The Hon. DANIEL MOOKHEY:** Okay. How much will property prices reduce next year for first home buyers as a result of this change?

**JOANN WILKIE:** As a result of the—how much will they reduce?

**The Hon. DANIEL MOOKHEY:** Yes. How much will property prices go down next year if we implement this change?

**JOANN WILKIE:** This change isn't expected to have any significant impact on house prices.

**The Hon. DANIEL MOOKHEY:** At any point in time?

**JOANN WILKIE:** So, for the First Home Buyer Choice, no.

**The Hon. DANIEL MOOKHEY:** Just to be clear, the First Home Buyer Choice proposal will have no impact on housing prices.

**JOANN WILKIE:** Correct.

**The Hon. DANIEL MOOKHEY:** Okay. What about economic growth?

**JOANN WILKIE:** The impact of this policy on economic growth—I would have to take the specific number on notice, but it will have, over the longer term, a positive impact on economic growth.

**The Hon. DANIEL MOOKHEY:** The longer term was defined in last year's property paper as being three decades. Are we still working on that horizon?

**JOANN WILKIE:** Yes.

**The Hon. DANIEL MOOKHEY:** So over three decades we expect there to be some accretion in economic growth.

**JOANN WILKIE:** Yes, as a result of this policy.

**The Hon. DANIEL MOOKHEY:** This policy, or the policy that was outlined last year?

**JOANN WILKIE:** No, this policy, because it will improve the transaction of houses in the sense of people being able to purchase a property that is more in line with their needs. It will have efficiency benefits that will impact positively on the economy over the longer term.

**The Hon. DANIEL MOOKHEY:** At the same amount as the proposal last year, or less?

**JOANN WILKIE:** Less.

**The Hon. DANIEL MOOKHEY:** Is that because the property no longer stays within that tax base and it can leave the point of sale?

**JOANN WILKIE:** No. It's because the choice to use the property tax is open to less home purchasers.

**The Hon. DANIEL MOOKHEY:** Okay. Can we get on notice, if it's possible, Ms Wilkie, just how much the expectation was for GSP growth—is that what we're looking at?

**JOANN WILKIE:** Yes.

**The Hon. DANIEL MOOKHEY:** For the three decades according to last year's proposal and this year's proposal?

**JOANN WILKIE:** Sure.

**The Hon. DANIEL MOOKHEY:** Thank you very much. What's the typical amount that a first home buyer will pay if they make this choice next year?

**JOANN WILKIE:** I will have to take that on notice. The range that people might pay on a property—I will be able to give you the range that people might pay, but really it's going to depend on the unimproved property value.

**The Hon. DANIEL MOOKHEY:** Yes. What was the range, then?

**JOANN WILKIE:** I'll have to take that on notice.

**The Hon. DANIEL MOOKHEY:** Well, there are 2.2 million rated properties currently that are residential, according to the data that's been published by the Valuer General. According to our calculations, just running the numbers, we think it comes out at \$2,468. Is that about it, in terms of what the median is?

**JOANN WILKIE:** I'll have to take that on notice.

**The Hon. DANIEL MOOKHEY:** Sure. Under this proposal, is it still the case that the first home buyers who purchase a property in the top 20 per cent are excluded? Is that still the policy?

**JOANN WILKIE:** The policy is you will only be eligible for the policy if you are purchasing a house for less than \$1.5 million.

**The Hon. DANIEL MOOKHEY:** Is that designed to exclude the top 20 per cent of properties?

**JOANN WILKIE:** Our estimate is that that will capture 97 per cent of all first home buyers.

**The Hon. DANIEL MOOKHEY:** Sure, but last year in the paper that came out, that model said that the top 20 per cent of homebuyers would not be able to make a choice.

**JOANN WILKIE:** Yes.

**The Hon. DANIEL MOOKHEY:** Is that still the policy?

**JOANN WILKIE:** No. That's not still the policy. The 80 per cent referred to the full property tax reform where the choice was going to be available to all people purchasing a property, not just first home buyers.

**The Hon. DANIEL MOOKHEY:** The \$1.5 million—where do we get that figure from?

**JOANN WILKIE:** The \$1.5 million threshold was selected, in part, because it would mean that 97 per cent of all first home buyers could be eligible to make the choice to pay property tax instead of stamp duty.

**The Hon. DANIEL MOOKHEY:** Is that intending to remain the policy going forward? Or do we have to adjust that threshold every year? How does it work?

**JOANN WILKIE:** That's a matter that will need to be considered going forward, in the same way that the Government considers whether it's going to adjust the thresholds for stamp duty concessions.

**The Hon. DANIEL MOOKHEY:** The \$1.5 million threshold is subject to effectively the equivalent of bracket creep—correct—in that the threshold doesn't keep up with market conditions so therefore less people get the choice?

**JOANN WILKIE:** No. That's not the current policy.

**The Hon. DANIEL MOOKHEY:** Depending on what happens with property prices. But is there any mechanism to adjust the price threshold, or is it \$1.5 million forever?

**JOANN WILKIE:** There's no formal mechanism. The Government has not agreed a formal mechanism for assessing that in any kind of frequent way or periodic way. It's matter for government.

**The Hon. DANIEL MOOKHEY:** Okay. So there's no inbuilt mechanism to adjust it?

**JOANN WILKIE:** No.

**The Hon. DANIEL MOOKHEY:** Is there any restriction in the legislation that would stop the ability of a future government to increase the rates?

**JOANN WILKIE:** I'll have to take that on notice, in terms of what's currently in the draft.

**The Hon. DANIEL MOOKHEY:** Thank you. In respect to the specific issue around rate adjustment, are we contemplating any changes to the existing stamp duty system?

**JOANN WILKIE:** The rate will be adjusted annually based on growth in average incomes. The rate each year will grow, depending on what's happening—or could increase or decrease based on what's happening with property values, in particular the unimproved land value. Growth each year will be capped so that it grows no more than growth in average incomes.

**The Hon. DANIEL MOOKHEY:** Is that on stamp duty? Or is that on the property tax?

**JOANN WILKIE:** No, that's on the property tax.

**The Hon. DANIEL MOOKHEY:** I'm asking about the stamp duty side of the equation. Are there any changes being contemplated to the stamp duty system?

**JOANN WILKIE:** No.

**The Hon. DANIEL MOOKHEY:** That issue around the cap—you said that it's on average incomes, but the budget says that it will be indexed by gross State product per capita.

**JOANN WILKIE:** Yes. That is one definition of—

**The Hon. DANIEL MOOKHEY:** So it's not AWE?

**JOANN WILKIE:** That is one way of defining average incomes.

**The Hon. DANIEL MOOKHEY:** It is. No dispute. But that's the way we're defining average incomes.

**JOANN WILKIE:** Yes.

**The Hon. DANIEL MOOKHEY:** Was there choice or consideration given to benchmarking that to either wage price or average weekly earnings?

**JOANN WILKIE:** There were a number of different ways of capping it that were looked at over the course of the development of the policy.

**The Hon. DANIEL MOOKHEY:** Okay. Are we planning any changes to the land tax side of the equation, as was flagged in last year's paper around the elimination of the premium threshold rate for land tax, or what's going on there?

**JOANN WILKIE:** That's still a matter for decision by government.

**The Hon. DANIEL MOOKHEY:** Given that the paper last year effectively said that we were going to eliminate the progressive structure of land tax and go to a flat rate—that is still the policy? Or is it not?

**JOANN WILKIE:** No. It's not the policy at the moment. That was the policy proposal that was being consulted on. With the Government's decision to restrict this to first home buyers at this point, rather than change the entire system and include bringing in land tax, it was decided to pause on the land tax side of it at the moment, and so that is still a matter for consideration.

**The Hon. DANIEL MOOKHEY:** Is that likely to be treated in the legislation, or not?

**JOANN WILKIE:** No.

**The Hon. DANIEL MOOKHEY:** Okay. So the Government is yet to make a decision about whether it wishes to pursue that part of the proposal?

**JOANN WILKIE:** Yes.

**The Hon. DANIEL MOOKHEY:** That's helpful. What conversations has Treasury had with the Commonwealth Grants Commission about the impact of this change on our GST payments?

**JOANN WILKIE:** Throughout the course of time, so going back a couple of years, as we have been working on the broader property tax proposal, we have had multiple conversations with the Commonwealth Grants Commission at an officials level. There have also been conversations between the then Treasurers about the way the Commonwealth Grants Commission will treat this in the GST.

**The Hon. DANIEL MOOKHEY:** I appreciate that. But since this version of the policy has been announced—either in the lead-up to this version of the policy or since it has been announced—let us do them in both stages. Since this policy has been announced, what conversations have we had with the Commonwealth Grants Commission?

**JOANN WILKIE:** We have had general conversations about the proposal and how it will affect, given the size of this—sorry, let me take a step back. Because the proposal that we were considering, or the Government was considering over the past couple of years was going to broadly change the tax-raising potential for the New South Wales Government, that is what impacts on the GST relativities. This proposal does not make such a system-wide change and so it's unlikely to have the same impact on the GST relativities.

**The Hon. DANIEL MOOKHEY:** But is that your submission, or is that their view?

**JOANN WILKIE:** That's the view that we have formed, and the conversations that we have had previously with the Commonwealth Grants Commission would indicate that they are likely to come to the same view.

**The Hon. DANIEL MOOKHEY:** Will they have to make this decision, what, next April when they decide the relativities for that next coming year, correct?

**JOANN WILKIE:** Yes.

**The Hon. DANIEL MOOKHEY:** So, there's not going to be a Commonwealth Grants Commission decision until next year?

**JOANN WILKIE:** That's right.

**The Hon. DANIEL MOOKHEY:** Thank you. I appreciate that. Can I ask you about the shared equity scheme? Is that to you, Ms Wilkie, or is that someone else?

**JOANN WILKIE:** Yes.

**The Hon. DANIEL MOOKHEY:** Which agency is going to run this?

**JOANN WILKIE:** That is still being determined.

**The Hon. DANIEL MOOKHEY:** Apparently this is a system that's meant to be operational. When is it operational?

**JOANN WILKIE:** It's also supposed to be operational in January next year.

**The Hon. DANIEL MOOKHEY:** When are we going to tender to find the bank who is going to do the banking part of this for us?

**JOANN WILKIE:** We are still working through those details at the moment.

**The Hon. DANIEL MOOKHEY:** Do we know when we are going to tender on this?

**JOANN WILKIE:** At this stage, no, we haven't put a proposal to government yet.

**The Hon. DANIEL MOOKHEY:** Are you confident you can write a tender and have this in place by January?

**JOANN WILKIE:** We are working towards that at the moment, Mr Mookhey.

**The Hon. DANIEL MOOKHEY:** Indeed, but my question is: Are we likely to experience delays?

**JOANN WILKIE:** There are any number of things that could cause delays on this, Mr Mookhey. We are working through the steps that we need to take to be able to implement this policy.

**The Hon. DANIEL MOOKHEY:** Do you require legislation for this?

**JOANN WILKIE:** It may require legislation; it depends on the way that the policy is implemented.

**The Hon. DANIEL MOOKHEY:** Should we be expecting some late nights in the next five sitting weeks to be able to do this as well, or is this going to be part of the other tax reform?

**JOANN WILKIE:** You'll need to ask the Government that question, Mr Mookhey.

**The Hon. DANIEL MOOKHEY:** Artfully done. Can I just ask you, in respect to the \$780.4 million investment in the shared equity scheme to be trialled by the New South Wales Government, how much of that is on the balance sheet and how much of that is on the operating side of the budget?

**JOANN WILKIE:** Sorry, let me just find the right part of my notes—the net lending impact of the measure is \$156.5 million over four years.

**The Hon. DANIEL MOOKHEY:** Why is it saying \$780.4 million?

**JOANN WILKIE:** The \$780.4 million is the amount of—

**The Hon. DANIEL MOOKHEY:** Value of the properties.

**JOANN WILKIE:** Is the value of the equity position taken in the homes, yes.

**The Hon. DANIEL MOOKHEY:** Let me just get this right. Is the \$780 million the value of the house purchased by us and the first home buyer?

**JOANN WILKIE:** It's the equity position that we have in the properties.

**The Hon. DANIEL MOOKHEY:** That would equate to presumably the maximum 20 per cent, the collective provision. What is the difference between the \$156 million and \$780 million?

**JOANN WILKIE:** The difference is—basically, the direct effect of taking an equity position in a home is the conversion of the money from one sort of financial asset—cash—into the interest in a home. That direct effect isn't going to change the Government's net lending. The Government's not going to charge home owners rent and so the value of the new financial asset is going to be less than the initial cash amount.

**The Hon. DANIEL MOOKHEY:** We are borrowing cash and then turning it into an equity position that presumably accretes in value if property prices accrete in value, I suspect?

**JOANN WILKIE:** I will have to take on notice the detail of the accounting.

**The Hon. DANIEL MOOKHEY:** This is just the way the Victorian and WA governments account for it. It's not particularly complicated. Does \$780 million over the forward estimates assume growth in the value of the housing asset or not?

**JOANN WILKIE:** I'll have to take on notice that detail.

**The Hon. DANIEL MOOKHEY:** On the operating side—put aside the way in which it is recorded as an asset or not and the liability side—what's the operating impact of the shared equity scheme? Is it the extra interest payments we're paying to borrow the money?

**JOANN WILKIE:** I'll have to take that on notice, Mr Mookhey.

**The Hon. DANIEL MOOKHEY:** If we believe the \$780 million, this is by far the most expensive shared equity scheme in the country by a country mile because this is worth more than the Federal Government's scheme, according to this. So I'm just interested in exactly how much of the \$780 million is just a bit of liberty that's been taken with a press release.

**JOANN WILKIE:** Mr Mookhey, I'll take those details of that on notice.

**The Hon. DANIEL MOOKHEY:** Can I ask on notice, if you don't mind—I'm looking for how much cash needs to be raised by each year over the forward estimates. What is the value of the equity projected in each year of the forward estimates? What is the net interest we pay to obtain the cash to purchase, if you don't mind, on those forward estimates?

**JOANN WILKIE:** I'll take that on notice.

**The Hon. DANIEL MOOKHEY:** I appreciate that. Secretary, the Future Economy Fund—what's that?

**PAUL GRIMES:** I'm not sure, Mr Mookhey.

**The Hon. DANIEL MOOKHEY:** Let me help you there. Page 5-3 of *Budget Paper No. 1* states that we've set aside:

- \$703.4 million for a Future Economy Fund to drive growth in emerging high-value industries such as digital technology, medtech and the clean economy

Do we know what that is?

**SAN MIDHA:** I've got some detail around the Future Economy Fund. There's \$142 million to drive research and development, and innovation. There's 342 for commercialisation—supporting firms to bring to market—and \$219 million to accelerate growth and investment in priority sectors.

**The Hon. DANIEL MOOKHEY:** Who's running this fund?

**SAN MIDHA:** This fund—

**PAUL GRIMES:** Industry.

**SAN MIDHA:** —is in the department of industry and trade.

**The Hon. DANIEL MOOKHEY:** Enterprise, Investment and Trade?

**SAN MIDHA:** Yes.

**The Hon. DANIEL MOOKHEY:** Do they just get \$703 million to spend? What are the criteria for this? Does Treasury get told?

**SAN MIDHA:** I don't have details on that. I can take that on notice.

**The Hon. DANIEL MOOKHEY:** Has any of the money been allocated?

**SAN MIDHA:** As yet? Again, I will take that on notice.

**The Hon. DANIEL MOOKHEY:** Can we get this profiled over the forward estimates as to how much of each money is being—is this not grant funding? What's going on with this? What's the Treasury's oversight of this \$703 million?

**SAN MIDHA:** Again, I'll take that on notice and come back with details.

**The Hon. DANIEL MOOKHEY:** Treasury Secretary, is the Treasury working on a project called Project Cooper?

**PAUL GRIMES:** No, the Treasury is not working on a project called Project Cooper.

**The Hon. DANIEL MOOKHEY:** Is it working on a project called Project Phoenix?

**PAUL GRIMES:** There had been a Project Phoenix.

**The Hon. DANIEL MOOKHEY:** What's Project Phoenix?

**PAUL GRIMES:** This was the project that had been undertaken last year around the early closure—it was the project to look at the implications of a possible early closure of Eraring.

**The Hon. DANIEL MOOKHEY:** Is it still underway or is it finished?

**PAUL GRIMES:** That work has all been done.

**The Hon. DANIEL MOOKHEY:** Was Project Phoenix meant to provide advice as to whether we should be buying back Eraring?

**PAUL GRIMES:** I might just refer this to Mr Hay, who will be able to give you details.

**JAMES HAY:** Project Phoenix was the name we gave to Origin's approach to discuss its proposed early closure of the Eraring Power Station. In that, we worked with Origin to understand the exit arrangements and, as a result, there was no arrangement entered into with Origin. What instead happened was the commitment to the Waratah Super Battery and the Transmission Acceleration Fund and a variety of other measures.

**The Hon. DANIEL MOOKHEY:** Mr Hay, I respect the way in which—the information that you've given. But the question was: Did Project Phoenix consider buying back the Eraring Power Station?

**JAMES HAY:** Origin did propose that as one of the options that the State should consider.

**The Hon. DANIEL MOOKHEY:** How much were they asking for?

**JAMES HAY:** One of their proposals was in the form of purchase—that the station would continue to run and the State would pay the costs of running it and then resell the energy. Origin would buy some of the energy produced back from—so it wasn't a purchase in that sense, Mr Mookhey.

**The Hon. DANIEL MOOKHEY:** Did you undertake any financial analysis on that proposal?

**JAMES HAY:** Extensive.

**The Hon. DANIEL MOOKHEY:** Why did we not proceed with it?

**JAMES HAY:** As in any direct dealing, we were required under the ICAC guidelines—and as we would do in any prudent sense anyway—to come up with an alternative of what was proposed. We found that alternative was much better value for both taxpayer and consumers.

**The Hon. DANIEL MOOKHEY:** Treasury secretary, how many other projects are you working on that have names like Phoenix, Cooper or the like?

**PAUL GRIMES:** As Mr Hay has indicated, from time to time we will give a project a project name just as a simple shorthand for that project.

**The Hon. DANIEL MOOKHEY:** Is that designed to evade freedom of information laws and the House's call for papers?

**PAUL GRIMES:** Not to my knowledge—that it's designed to evade accountability, no.

**The Hon. DANIEL MOOKHEY:** How many such projects are you currently working on?

**PAUL GRIMES:** I would have to take that on notice, the extent to which there is anything that's got a project name associated with it.

**The Hon. DANIEL MOOKHEY:** I've had people contact me from your department saying that there are multiple of these projects underway. Cooper is one; Phoenix is another. I think we had Eagle was another one. Are you working on a project Eagle?

**PAUL GRIMES:** I'm not aware of a project Eagle.

**The Hon. DANIEL MOOKHEY:** Is there a project Mawson?

**PAUL GRIMES:** I am not aware of a project Mawson. I would have to take any details on notice.

**The Hon. DANIEL MOOKHEY:** Is anyone else from Treasury aware of that one?

**The ACTING CHAIR:** Project Morton.

**The Hon. DANIEL MOOKHEY:** Who comes up with these names?

**PAUL GRIMES:** I would not know who comes up with the names, Mr Mookhey.

**The Hon. DANIEL MOOKHEY:** Do you?

**PAUL GRIMES:** No, I don't come up with the names. I have not come up with one project name myself.

**The Hon. DANIEL MOOKHEY:** Are you asked to approve that?

**PAUL GRIMES:** No, I've never been asked to approve a project name to the best of my knowledge, but from time to time I'm aware of projects that operate under a project name.

**The Hon. DANIEL MOOKHEY:** Do deputy secretaries get that or not?

**PAUL GRIMES:** I don't think that there's a formal process for naming a project, Mr Mookhey.

**The Hon. DANIEL MOOKHEY:** Hence the inquiries, Dr Grimes, because it seems like this is a practice that has been engaged in now for a while with the Treasury and other agencies, to be fair.

**PAUL GRIMES:** In arriving in the New South Wales government, I found that it's used from time to time.

**The Hon. DANIEL MOOKHEY:** So there's no formal policy in place like this?

**PAUL GRIMES:** Not that I'm aware of.

**The Hon. DANIEL MOOKHEY:** Okay, that's fair enough. Can I ask you, Mr Secretary, to take us through your response to the Sedgwick review?

**PAUL GRIMES:** Yes, Mr Mookhey.

**The Hon. DANIEL MOOKHEY:** Take me through your response to the Sedgwick review. What are you doing?

**PAUL GRIMES:** I indicated, on releasing the Sedgwick review, that we would be accepting all of the recommendations of the Sedgwick review. The Treasury executive board has endorsed that proposal that we would be supporting each of the recommendations of the Sedgwick report, and we're currently going through the process of making sure that we've got detailed arrangements to give effect to each of those recommendations.

**The Hon. DANIEL MOOKHEY:** Were you troubled by the report?

**PAUL GRIMES:** I think the report does raise some important aspects of our culture that we need to focus on and in particular some of the points that Mr Sedgwick made around ensuring that we take a more open



approach when we're dealing with complex matters such as the TAHE matter, and so I think there are issues that go to our culture and we take those quite seriously.

**The Hon. DANIEL MOOKHEY:** You provided me a view this morning that you're expecting to sign the State's accounts in its ordinary course. Is that still the position?

**PAUL GRIMES:** We're still expecting to sign in the usual course. We're expecting to sign them to enable publication within the statutory deadlines, yes.

**The Hon. DANIEL MOOKHEY:** There is no longer a statutory deadline.

**PAUL GRIMES:** As I indicated this morning, both the Auditor-General and ourselves are facing some pressures around staffing. There have been a lot of staffing absences as a result of COVID in particular, but at this stage I don't have any other information that we're other than on track to meet our statutory requirements.

**The Hon. DANIEL MOOKHEY:** The statutory requirements have changed, and so it's far less defined as to what they are. So what are they? When do you expect? What's your interpretation of the statutory standards?

**PAUL GRIMES:** I might just refer to Mr Walters on those matters.

**STEWART WALTERS:** Thank you, Mr Mookhey. The accounts are intended to be laid before the House or tabled by the end of November or five months after the end of each year.

**The Hon. DANIEL MOOKHEY:** Sure, but my question was: When is the secretary intending to sign the accounts and not necessarily when they're going to be tabled in Parliament, which is the step that is required for the Auditor to formally complete her audit? Last year, your predecessor, Dr Grimes, signed those accounts on 16 or 17 December. Are we expecting you to be doing the same this year or is it likely to be earlier?

**STEWART WALTERS:** Mr Mookhey, I can try and give you the best advice. As of today, we're still working with the Audit Office and agencies to complete the audits and have them audited such that we can have them endorsed in advance of the tabling.

**The Hon. DANIEL MOOKHEY:** The year before the secretary signed around October.

**STEWART WALTERS:** That's correct. We typically try to target mid-October.

**The Hon. DANIEL MOOKHEY:** Are we still targeting that?

**STEWART WALTERS:** We are still targeting mid-October.

**The Hon. DANIEL MOOKHEY:** Is KPMG assisting the Treasury in the preparation of the accounts in any respect whatsoever this year?

**STEWART WALTERS:** KPMG and Deloitte are helping us with resourcing on a secondment basis, where necessary.

**The Hon. DANIEL MOOKHEY:** How much are we spending on them?

**STEWART WALTERS:** I can take that on notice.

**The Hon. DANIEL MOOKHEY:** Is Ms Heather Watson still engaged to provide advice on specialist matters to do with the Transport Asset Holding Entity?

**STEWART WALTERS:** I don't believe so, Mr Mookhey.

**The Hon. DANIEL MOOKHEY:** When did that arrangement terminate?

**STEWART WALTERS:** Mr Mookhey, as I think has been said before, we have had an arrangement with KPMG, utilising experts like Ms Watson—

**The Hon. DANIEL MOOKHEY:** I know the history; I'm just asking whether that arrangement—

**STEWART WALTERS:** —over time, and it has been for specific amounts of money and a time period renewed.

**The Hon. DANIEL MOOKHEY:** Mr Walters, respectfully—

**STEWART WALTERS:** The current agreement with Ms Watson, or KPMG, for technical expertise I believe had expired. I will take it on notice but it had expired.

**The Hon. DANIEL MOOKHEY:** But it was a continuing arrangement that was entered into in February last year. It was meant to expire but then was renewed in September last year, and we're still apparently on a continuing thing. Would you mind, on notice, telling me the date that that particular arrangement expired?

**STEWART WALTERS:** I certainly will. If I could make the point, Mr Mookhey, that we do use, from time to time, KPMG, Deloitte, PwC and other experts to supplement Treasury staff. Given the difficulty in recruiting technical accountants, it is something that we do from time to time.

**The ACTING CHAIR:** Are there any Government questions?

**The Hon. SCOTT FARLOW:** No Government questions for these witnesses.

**JAMES HAY:** Chair, I have one clarification, if that is all right?

**The ACTING CHAIR:** Yes, Mr Hay.

**JAMES HAY:** When I mentioned the Q4 target for the LTESA options, I said 2,500 gigawatts. I should have said 2,414 gigawatt hours per annum. That translates to roughly 0.9 gigawatts of generation. One update—in terms of the contestable guidelines for the TET, they were published on Friday.

**The Hon. PENNY SHARPE:** There you go—snap.

**JAMES HAY:** And the regulations were made on 15 July.

**The ACTING CHAIR:** We will bring questioning to an end today.

**The Hon. SCOTT FARLOW:** There is one further addition from Mr Midha, I think.

**SAN MIDHA:** The Treasurer took two questions to come back today. The first one was how much has the TMF paid out recently for flood-related costs. The current estimate is about \$200 million to 22 May, and the total estimate is expected to be about \$350 million. The other one was around any further payments to be made into the TMF. The TMF, according to the Net Asset Level Holding Policy, is calculated at the end of the year. Once that is done, then payments are made or not. At this point there is no projected payment to be made.

**The ACTING CHAIR:** Thank you, government officers, for your attendance today. The Committee secretariat will be in touch in the near future regarding any questions taken on notice and any supplementary questions.

**(Dr Grimes, Mr Hay, Ms Parry, Ms Wilson, Mr Lewis, Mr Kingsmill, Mr Midha, Ms Campbell and Ms Wilkie withdrew.)**

**The Committee proceeded to deliberate.**