

*Thursday, 20 June 2002*

*(General Purpose Standing Committee No. 1)*

***Portfolio***

*Treasury, and State Development*

**QUESTIONS TAKEN ON NOTICE DURING HEARING**

**1. Mr Ryan asked the Treasurer and Minister for State Development, the Hon Michael Egan MLC—**

*(Relevant area in Hansard: p1)*

Page 5-17 of Budget Paper No. 2 refers to capital works. It says that forward estimates:

*... contain an allowance for new projects yet to be identified or approved.*

Can you give the Committee some information as to how much has been set aside in the forward estimates for new projects "yet to be identified or approved" in the general government sector for:

- (a) 2003-04,
- (b) 2004-05, and
- (c) 2005-06?

***Answer:***

*(a) to (c) As has been the case for a long time, each Budget sets aside money in the forward years for new capital works projects that have yet to be approved.*

*In 2003-04 \$395 million of that year's \$3,038 million general government capital program is earmarked for projects yet to be approved.*

*In 2004-05 it is \$550 million from a \$3,057 million program and \$688 million of the \$3,123 million program in 2005-06.*

**2. Mr Gay asked the Treasurer and Minister for State Development, the Hon Michael Egan MLC—**

*(Relevant area in Hansard: p3)*

The last paragraph on Page 19 of the budget speech reads:

*According to the most recent data from the Australian Bureau of Statistics, our revenue per person in New South Wales is the third lowest of all eight States and Territories.*

What Australian Bureau of Statistics [ABS] publications did you use to arrive at that assertion and what are their catalogue numbers?

***Answer:***

*Total revenue data were obtained from ABS 5512.0, Government Finance Statistics (GFS) 2000-2001, released on 12 April 2002.*

*1999-2000 data were used for the Northern Territory, as the 2000-2001 GFS publication did not include Northern Territory data.*

*Unpublished ABS population data was used. This data was subsequently published in ABS 3101.0, Australian Demographic Statistics, December Quarter 2001, on 6 June 2002.*

**3. Mr Gay asked the Treasurer and Minister for State Development, the Hon Michael Egan MLC—**

*(Relevant area in Hansard: p19)*

What is the total cost to date of Treasury's work in preparing Pacific Power International and Powercoal for sale?

**Answer:**

*The Powercoal sale costs total \$3.9m up to 11 July 2002. This amount includes advisers and administrative costs.*

*Costs of \$1.2m have been incurred for the sale of Pacific Power International for the period to June 2002.*

*'State Development Portfolio'*

**4. Mr Gay asked the Director General of the Department of State and Regional Development, Mr Loftus Harris—**

*(Relevant area in Hansard: p14)*

Do you have at hand the total estimated value for the businesses lost to Queensland, including Airbus, Boeing, Australian Airlines and Virgin Blue?

*'Mr Harris indicated to the Committee that he would provide the Committee with the names of companies that have appeared in public documentation when there was some speculation that they had dealt with both Queensland and NSW.'*

**Answer:**

*NSW mainly competes for business with international locations. The NSW Government has consistently indicated it will not become involved in unnecessary bidding wars with other States.*

*Various public comments have been made regarding the following companies who have considered business options in both NSW and Queensland.*

*Airbus Industrie does not have a presence in Queensland but does have an office in Sydney. Airbus is owned by European company, EADS, which also owns Eurocopter and Australian Aerospace. Australian Aerospace located its military helicopter project in facilities in Brisbane. Helicopters will be based at the Australian Army's aviation training headquarters at Oakley near Brisbane.*

*Australian Airlines announced on 2 April 2002 that it had established its head office in Sydney. Australian Airlines announced it would establish its initial operations hub in Cairns based principally on operational considerations.*

*Virgin Blue established its Australian headquarters in Brisbane in June 2000. Virgin Blue employs over 100 people in Sydney and this is expected to increase over time.*

*Boeing established its Australian head office in Queensland in September 1997. Boeing also has a significant operation in NSW in the form of its subsidiary, Hawker De Havilland at Bankstown airport.*

*Qantas announced relocation of its Heavy Jet Maintenance operation from Sydney to Brisbane in January 2001. This operation relocated from Sydney Airport because the higher value requirement of expanding terminals displaced the maintenance facilities.*

**5. Mr Gay asked the Director General of the Department of State and Regional Development, Mr Loftus Harris—**

*(Relevant area in Hansard: p15)*

- (1) How many staff (exact number) are currently employed by the department on a temporary, contract or casual basis?
- (2) Of those staff, how many have been employed by the department for a period exceeding six months?

**Answers:**

- (1) *As at 30 June 2002, there were 60 staff employed by the department on a temporary, contract or casual basis.*
- (2) *As at 30 June 2002, 38 staff employed by the department on a temporary, contract or casual basis have been employed for a period exceeding 6 months. Positions such as export advisers and industry specialists are normally employed on a contract basis.*

**6. Mr Gay asked the Director General of the Department of State and Regional Development, Mr Loftus Harris—**

*(Relevant area in Hansard: p16-17)*

- (1)
  - (a) Are there any staff at the department currently classified as unattached?
  - (b) If so, how many and on what salary levels are those staff?
- (2) How long have those staff been kept on by the department?
- (3)
  - (a) Have there been any instances where a staff member of the department has taken voluntary redundancy from the department only to return as a contractor?
  - (b) Can you give a guarantee that no staff member of the department has been re-employed in that fashion?

**Answers:**

- (1)
  - (a) *Yes*
  - (b) *As at 1 July 2002 two officers are on long term secondments to other NSW Public Sector agencies. Five officers are temporarily placed in existing funded positions and undertake the roles of those positions, and one officer is classified as excess.*  
  
*The salary level of the officer classified as excess is \$60,193 per annum.*
- (2) *One officer has been classified as excess since May 1997. This officer undertakes a range of full time administrative duties under the supervision of a senior departmental manager.*
- (3)
  - (a) *Departmental records indicate that no staff member has taken voluntary redundancy from the department and subsequently worked for the department as a contractor.*
  - (b) *The department abides by the Premier's Department's policies and guidelines in relation to reemployment of persons taking voluntary redundancy from the NSW Public Sector.*

**7. Mr Gay asked the Treasurer and Minister for State Development, the Hon Michael Egan MLC—**

*Relevant area in Hansard: p18)*

- (1) What percentage of Australian Technology Showcase projects have gone on to substantial commercialisation as a direct result of their involvement in the Australian Technology Showcase scheme?
- (2) Which ones are standing alone and operating properly now?

**Answers:**

- (1) *Since the commencement of the ATS program in late 1997, the NSW Innovation Council has approved 337 technologies (325 companies) for entry into the ATS.*

*Of the 325 companies, around 75% have achieved levels of commercial success ranging from recent commercialisation, to companies which are seen as world leaders in their particular field.*

*The ATS has contributed directly to over \$290 million in new business outcomes for ATS companies.*

- (2) *Of the 325 companies, 93% are operating and trading commercially.*

**8. Rev Nile asked the Director General of the Department of State and Regional Development, Mr Loftus Harris—**

*(Relevant area in Hansard: p19)*

Considering that if there are ongoing protests at Mogo against the plan, and the possibility that the Company may feel that it is not worth the trouble, do you have any more details as to why Bombala would not have been a commercial project when one would think it has a greater availability of timber than Mogo?

**Answer:**

*The issue of location of commercial projects is a matter for the investor. It is up to the company concerned to determine where it should locate its operations. Having done so, the company must then ensure that its activities on the site comply with the State's environmental and planning regulations.*

*As far as locating the facility at Bombala is concerned, Bombala is mainly a softwood timber area. There are insufficient quantities of hardwood residues available to meet the requirements of the charcoal plant. Transporting hardwood to a Bombala facility would not be commercially viable*

*The Company's reasons regarding Bombala's unsuitability as a site for charcoal production were outlined in the Legislative Council on 8 May 2002, by the Hon Edward Obeid. See Hansard page 1700 of 8 May 2002.*

#### ADDITIONAL QUESTIONS ON NOTICE

**9. Mr Ryan asked the Treasurer, and Minister for State Development, the Hon Michael Egan, MLC—**

- (1)
  - (a) Does your Ministerial Office receive media monitoring services?
  - (b) If so, what was the annual cost in 2001-02?
  - (c) If the media monitoring services are sourced from other cost centres, which budgets are they allocated to and what is the annual cost?
  - (d) How many different suppliers do you have contracts with, either directly, or indirectly through media monitoring services sourced from other cost centres?
  - (e) Please list all suppliers.
- (2)
  - (a) Does any agency in your portfolio receive media monitoring services?
  - (b) If so, what was the annual cost in 2001-02, by agency?
  - (c) If the media monitoring services are sourced from other cost centres, which budgets are they allocated to and what is the annual cost?
  - (d) How many different suppliers do agencies in your portfolio have contracts with, either directly, or indirectly through media monitoring services sourced from other cost centres?

- (e) Please list all suppliers.
- (3) (a) In 2001-02, how much was spent on your Ministerial Office? *Please provide a breakdown by expense.*
- (b) What is the forecast amount to be spent in 2002-03 and what is the forecast number of staff?
- (4) (a) What is the total cost of your overseas trips in 2001-02?
- (b) Can you please provide a list of each trip, purpose and cost?
- (c) For each trip, please provide a breakdown in airfare costs, hotel costs, car hire, and accompanying staff and officials.
- (5) (a) What is the estimate of money to be spent on your overseas trips in 2002-03?
- (b) Can you please provide a list of each trip, purpose and cost?
- (c) For each trip, please provide a breakdown in airfare costs, hotel costs, car hire, and accompanying staff and officials.
- (6) (a) What is the total cost of your interstate trips in 2001-02?
- (b) Please provide a list of each trip, purpose and cost and for each trip a breakdown in airfare costs, hotel costs, car hire, and accompanying staff and officials.
- (7) (a) What is the estimate of money to be spent on your interstate trips in 2002-03?
- (b) Can you provide a list of each trip, purpose and cost?
- (c) For each trip, can you provide a breakdown in airfare costs, hotel costs, car hire, and accompanying staff and officials?
- (8) (a) How many staff were employed as at 30 May 1999, 30 May 2000, 30 May 2001 in your Ministerial Office?
- (b) What was the annual salary cost of those staff in each of those years?
- (9) (a) Does your office contract consultants?
- (b) If so, what consultancies have been commissioned in 2001/2002, and at what cost?
- (c) What consultancy services will be commissioned from 1 July 2002 - March 2003 and at what estimated cost?
- (10) (a) Were any legal costs incurred by your office in 2001-02.
- (b) If so, what was the cost and nature of each instance of legal advice?

**Answers:**

- (1) (a) ***Yes.***
- (b) ***All costs incurred were appropriate to the needs identified.***
- (c) ***All expenditure is from the appropriate cost centres.***
- (d) ***Please refer to answer for (c)***
- (e) ***Please refer to answer for (c)***
- (2) (a) ***Any decision to access media monitoring is determined by the agencies concerned and the need for monitoring of issues.***

- (b) *All costs were in accordance with identified needs.*
- (c) *All expenditure is from the appropriate cost centres.*
- (d) and (e) *The appropriate cost centres are utilised.*
- (3) (a) *The Government has released the costs of Ministerial expenditure to the Opposition under an FOI application.*
- (b) *It is too early in the financial year to predict expenditure. Staff numbers will approximate those released under the FOI application.*
- (4) *Official travel is undertaken in accordance with appropriate guidelines.*  
*Costs incurred during official overseas travel were in accordance with the appropriate guidelines.*
- (5) *This will depend on the nature and scope of any travel undertaken in 2002-03.*  
*Costs incurred during official overseas travel will be in accordance with the appropriate guidelines.*
- (6) *Official travel was undertaken in accordance with appropriate guidelines and in a cost effective manner.*
- (7) *It is too early to provide an estimate at this stage of the financial year. However, expenditure will depend on the nature and scope of any travel in 2002-03.*
- (8) *Ministerial staff are employed by the Director General of the Premier's Department in accordance with the provisions of the Public Sector Management Act 1988.*  
*All costs were in accordance with the expenditure necessary to facilitate the effective functioning of the office and within allocations to Ministerial Offices.*
- (9) *Expenditure on consultancies is reported in Annual Reports. All expenditure is in accordance with the appropriate guidelines.*  
*It is not possible to predict so early in the financial year the likely expenditure on consultants in 2002-03.*
- (10) *All legal costs were incurred after an assessment of the need to obtain external legal assistance. Legal professional privilege will be maintained in relation to advice and costs.*

**10. Mr Ryan asked the Treasurer, and Minister for State Development, the Hon Michael Egan, MLC—**

For each of your portfolio agencies in 2001-02:

- (1) (a) What was the total cost of public relations activities?
- (b) What is the forecast cost for 2002-03?
- (2) How much was spent on public opinion surveys?
- (3) (a) How much money was spent on advertising? *Please provide a list of each campaign and cost.*
- (b) What is the estimate of money to be spent on advertising in 2002-03? *Please provide a list of each campaign and cost.*
- (4) (a) How much was spent on consultants? *Please provide a list of each agency and cost.*
- (b) What is the estimate of money to be spent on consultants in 2002-03? *Please provide a list of each agency and cost.*
- (5) How much was spent on legal expenses?

**Answers:**

- (1) *Public authorities conduct a range of extension activities aimed at communicating to the public a range of regulatory, advisory, research and general information.*

*The question posed is too broad to identify an actual cost.*

- (2) *The Premier issued Memorandum 2000-28 which specifically directed government agencies not to use surveys of government clients or NSW citizens to elicit questions on political issues.*

- (3) *Details of total government advertising were published in the Sydney Morning Herald newspaper on Monday 29 July 2002 in an article by Paola Totaro, State Political Editor.*

*All requests relating to advertising must be approved by a Cabinet Sub-Committee on Government Advertising.*

- (4) *The cost of consultants is reflected in the annual report.*

*Expenditure depends on the need for consultancy services throughout the year.*

- (5) *Expenditure on legal expenses followed appropriate review of the circumstances, the need for such expenditure and within appropriate guidelines.*

*In the case of core work for public sector agencies the Crown Solicitor meets these costs.*

For each of your portfolio agencies in 2001-02:

- (6) (a) How much was spent on overseas trips in 2001-02 by officials? *Please provide a list of each trip, purpose and cost.*
- (b) What is the estimate of money to be spent on overseas trips in 2002-03 by officials? *Please provide a list of each trip, purpose and cost.*
- (7) (a) How much was spent on inter-state trips in 2001-02 by officials? *Please provide a list of each trip, purpose and cost?*
- (b) What is the estimate of money to be spent on interstate trips in 2002-03 by officials? *Please provide a list of each trip, purpose and cost?*

**Answers:**

- (6) *Details regarding all official overseas travel is included in the annual report and is in accordance with the appropriate guidelines.*

*Expenditure depends on the particular issues requiring overseas travel.*

- (7) *Interstate travel by portfolio agencies was undertaken in accordance with appropriate guidelines.*

*Expenditure depends on the particular issues requiring travel.*

For each of your portfolio agencies in 2001-02:

- (8) (a) How much was spent on office fitouts and refurbishments?
- (b) What is the estimated cost for 2002-03?
- (9) (a) How much was spent on the cost of leases in the Sydney CBD?
- (b) What is the estimated cost for 2002-03?
- (10) (a) Was there any vacant or under-utilised office space?

- (b) What is the cost of such unused office space?

**Answers:**

- (8) *All office accommodation fit-outs and refurbishments were undertaken in accordance with OH&S requirements and appropriate guidelines.*

*It is not possible to predict so early in the financial year the likely expenditure on accommodation and fit-outs in 2002-03.*

- (9) *The Government Asset Management Committee (GAMC) monitors the leasing of the majority of government office space. Costs are kept to a minimum by virtue of the whole of government approach taken to leasing.*
- (10) *The Government Asset Management Committee (GAMC) oversees the leasing of the majority of government office space. It monitors lease negotiations to maximise occupancy and avoid vacancies.*

For each of your portfolio agencies in 2001-02:

- (11) (a) How much money was spent on performance pay for public servants in:
- (i) 2000-01?
- (ii) 2001-02?
- (b) Did you personally approve these bonus payments?
- (12) (a) How much was spent on the salary packages for the Senior Executive Service?
- (b) What is the estimated cost for 2002-03?

**Answers:**

- (11) *On 28 August 2001 Premier's Memorandum 2000-21 was issued indicating that performance pay was not to be made available to members of the Chief and Senior Executive Services.*

*Approvals for performance payments prior to 28 August 2001 as well as all other remuneration to members of the Senior Executive Service were made by the respective Chief Executive Officers*

- (12) *Upon election, the Government inherited a Chief and Senior Executive Service of 1,434 positions. The Government reduced the number of Senior Executive Service positions in accordance with a commitment to do so. As at April 2002 there were 1,003. This is a reduction of 431.*

*Remuneration for the Senior Executive Service (SES) is determined by the Independent Statutory and Other Offices Remuneration Tribunal (SOORT). It is not possible to predict so early in the financial year the likely expenditure on SES remuneration. However, expenditure will be in accordance with any determinations by SOORT.*

For each of your portfolio agencies in 2001-02:

- (13) (a) Have any Departments or agencies been fined by a court or statutory or regulatory authority between July 1 2001 and June 30, 2002?
- (b) If so, detail each fine and amount, and the reason for each fine?
- (14) How many times were matters referred for independent investigation to ICAC? *Please provide a breakdown of these referrals?*

**Answers:**



(13) (a) and (b) *Any penalties imposed by a court or statutory authority are on the record of that court or statutory authority.*

(14) *Section 11 of the Independent Commission Against Corruption Act 1988 requires the principal officer of an agency to report any matter the officer suspects on reasonable grounds concerns or may concern corruption.*

*Disclosure of information may identify issues under investigation and therefore impede these investigations.*

For each of your portfolio agencies in 2001-02:

(15) (a) What fees were increased, and by how much?

(b) What fees are expected to be increased in 2002-03?

**Answer:**

(15) *As was the case in the former Greiner/Fahey Government's any increases in fees are measured and take into account the specific fee, movements in the CPI and other related factors.*

**11. Mr Ryan asked the Treasurer, and Minister for State Development, the Hon Michael Egan, MLC—**

(1) (a) In 2001-02, how many board appointments were made you, or by your portfolio agencies?

(b) Of these appointments:

(i) How many were women?

(ii) How many were of people from a non-English speaking background?

(iii) How many were of people with a disability?

(iv) How many were Aboriginal Torres Strait Islanders?

(v) How many were young people?

**Answers:**

(1) (a) *The Government made a total of 1754 appointments to boards and committees in 2001/02.*

(b) (i) *Approximately 694 were female.*

(ii) *Due to the self-identifying nature of the nomination form no reliable figures are available for people from a non-English speaking background.*

(iii) *Due to the self identifying nature of the nomination form no reliable figures are available for people with a disability.*

(iv) *Due to the self identifying nature of the nomination form no reliable figures are available for Aboriginal Torres Strait Islanders.*

(v) *Due to the self identifying nature of the nomination form no reliable figures are available for young people.*

*'Treasury Portfolio'***12. Mr Ryan asked the Treasurer, and Minister for State Development, the Hon Michael Egan, MLC—**

- (1) In Budget Paper No 2, Page 6-3 it refers to the exemption given to companies for payroll tax increases for wages paid to apprentices.
  - (a) Did Treasury conduct any modelling on how many additional apprentice jobs will be created by this measure?
  - (b) If so, what did the modelling show?
- (2)
  - (a) What reviews of taxation have you undertaken since 1995?
  - (b) What further reviews of taxation do you plan to undertake?
- (3)
  - (a) Does the Government have a policy of not dismissing employees who are employed below the level of SES?
  - (b) If not how many have been dismissed since the election of the Carr Government since 1999?
- (4)
  - (a) Does the Treasury, as a central agency responsible for value for money in budget outlays, have benchmarks in place for service delivery in health, education, law and order and community services?
  - (b) If so how have these benchmarks been applied in the determination of any particular agencies' budget allocation?
- (5) I refer to Budget Paper number 2, page 4-16 under the heading "Superannuation Funding Plan".
  - (a) Why was the net unfunded liability projection for 2001 assessed at "6,073 more than the actual liability estimate actuarially assessed at that date"?
  - (b)
    - (i) Has the Government been able to reduce the annual amounts of funding contributed to the funding plan as a result of the re-calculation of the amounts required to achieve a fully funded scheme by the earlier date of 2030?
    - (ii) If so, how much less does the Government need to contribute to the funding plan as a result of the revised target?
  - (c) How much earlier would the target be achieved if the Government contributions were to be indexed by the full amount of CPI instead of 2.5 per cent as stated on page 4-16?
- (6) During the hearing the Treasurer referred to amounts for capital grants in Table 1.2 on page 1-10 of Budget Paper 2.
  - (a) What sorts of categories of expenditure are included in the expenditures that make up capital grants?
  - (b) How do they differ from the amounts set aside for Asset Acquisitions that are referred to in the same table?

**Answers:**

- (1)
  - (a) *No.*
  - (b) *Not applicable in view of previous answer.*
- (2)
  - (a) *Taxes are subject to ongoing review, including as part of the annual Budget process. In addition, a number of discrete reviews have taken place. A review of the consequences for State taxes of the High Court's decision effectively disallowing Business Franchise Fees was carried out in 1997. Land tax was reviewed in the context of the Government's submission to the 1998*

*Inquiry into Changes in Land Tax in NSW. An Inquiry into the Operation of the Valuation of Land Act ("the Walton Report"), which affected land tax arrangements, was carried out in 1999. State taxes were also reviewed in 1998 in the context of a coordinated approach to national tax reform and in negotiations leading to the signing of the Intergovernmental Agreement on the Reform of Commonwealth-State Financial Arrangements, in 1999. In accordance with legislative requirements, a triennial review of subscriptions associated with Keno was carried out in 1998 and 2001. The NSW Club and Hotel Gaming Taxation Review was carried out in 2001 in accordance with legislative requirements.*

- (b) *Taxes will continue to be subject to ongoing review, including as part of the annual Budget process.*
- (3) *Public employment policy is not an issue for the Treasurer.*
- (4) (a) *The Departments of Health, Education and Community Services all negotiate Service and Resource Allocation Agreements (SRAAs) with Treasury, on behalf of their Minister and the Treasurer, as do the Attorney-General's Department and the Department of Corrective Services.*
- (b) *Since robust indicators of agencies' performance are still being developed, at present agency performance data is used only to inform resource allocation decisions, not determine them.*
- (5) (a) *The 1995 estimate of unfunded liabilities assumed 9% investment earnings, 7% salary growth and 6% CPI over the long-term. This reflects a gap of 2% between earnings and salary growth and 3% between earnings and CPI.*

*The later estimate of 30 June 2001 unfunded liabilities assumed 7% earnings, 4% salary growth and 2.5% CPI over the long-term. This reflects a 3% gap between earnings and salary growth and a 4.5% gap between earnings and CPI.*

*The gap between: (a) actual average investment earnings and actual average AWOTE over the 6-year period to 30 June 2001 was 7.1%; and (b) actual average investment earnings and actual average CPI over the 6-year period to 30 June 2001 was 8.6%.*

*Crown superannuation contributions over the 6-year period to 30 June 2001 (\$8.2bil) were \$2bil greater than the contributions in 1995. Additionally, some of these Crown contributions were made sooner than originally planned.*

- (b) (i) *Yes*
- (ii) *Around \$320m in 2002-03.*
- (c) *No earlier, because 2.5% p.a. is the estimate of the full amount of CPI.*
- (6) (a) *Just over half capital grants are made to government business organisations which are not part of the Budget sector (predominantly the rail authorities and the Department of Housing). The next largest category consists of grants paid to individuals under the First Home Owners Scheme. Capital grants are also made by the Department of Land and Water Conservation to local government bodies for various country water schemes. A number of government agencies also pay capital grants to various non government groups eg the Aboriginal Housing Office provides funds to aboriginal housing community groups.*
- (b) *Capital grants are payments made by Budget sector agencies eg Department of Transport, to agencies or groups outside the Budget sector eg the rail authorities. The grant recipients use the capital grants to fund the building or purchase of assets which they will record in their financial accounts as asset acquisitions.*

*Asset acquisitions on the other hand occur when Budget agencies eg the Department of Education or Health, purchase or build assets for their own purposes.*

**13. Mr Gay asked the Treasurer, and Minister for State Development, the Hon Michael Egan, MLC—**

- (1) The forward estimates contain an allowance for new capital works projects yet to be identified or approved.

Would you detail the actual amount of this allowance for:

- (a) 2003-04,
  - (b) 2004-05, and
  - (c) 2005-06?
- (2) (a) Across the whole of Government, what is the total value of productivity savings the Government is seeking to achieve by 30 June 2004?
- (3) In its initial report to Cabinet ahead of the Budget, how much of this target did the Christie task force state had been identified by Departments/agencies?
- (4) In relation to savings achieved to date, Mr Pierce made reference in the Committee hearings to 'the amount that has been identified as being able to be achieved as of now'.
- (a) How much will have been realised (that is actually put in place as opposed to identified or 'able to be achieved') as at 30 June 2002.
  - (b) How much do you anticipate will have been realised at 30 June 2003?
- (5) What is the Government's position on payroll tax exemptions, currently granted to insurance agents, now other financial industry participants are being brought under the Financial Services Reform Act umbrella?

**Answers:**

- (1) *Please refer to the answer to Question 1.*
- (2) (a) *The Government is awaiting the final report of the Departmental Savings Taskforce before determining a feasible target.*
- (3) *The Departmental Savings Taskforce has made preliminary estimates of savings identified to date. The final figure is not yet available.*
- (4) (a) *For the financial year 2001/02, no specific budget supplementation has been provided to agencies for the component of wage increases covered by the productivity savings program.*
- (b) *It is anticipated that the majority of agencies will realise the required savings by the time the current wage agreements are fully implemented. For most of the current agreements that will be 1 July 2003. As noted in Budget Paper No.2: The Budget, through the Crown Finance Entity, includes provision for some support for those agencies that require a longer timeframe to develop an agreed implementation plan with the Taskforce than originally envisaged. (Page 5-16).*

*The Payroll Tax Act 1971 imposes tax on remuneration paid to contractors who work solely or primarily for one employer, and are therefore for all intents and purposes, employees rather than independent contractors. These provisions apply to employers in all industries, including firms providing investment advice or selling investment products.*

*However, there is an exemption for remuneration paid to agents who sell insurance.*

*The Interim Report on Employers' Compliance with Workers Compensation Premiums and Pay-roll Tax Legislation, prepared by two independent consultants, includes a recommendation to remove most of the exemptions under the relevant contracts provision, including the exemption for agents who sell insurance.*

*The NSW Government commissioned the report earlier this year, after receiving public submissions on a workers compensation compliance green paper.*

*The report was released for public comment on 7 June 2002. The authors, Associate Professor Neil Warren from the University of NSW and business consultant Ms Penny Le Couteur, are now consulting with employers, unions and government before handing down a final report later this year.*

*A Government decision on the recommendations in the report, including removal of the exemption for insurance sellers, will not be made before the consultants have presented their final report.*

*‘State Development Portfolio’*

**14. Mr Gay asked the Treasurer, and Minister for State Development, the Hon Michael Egan, MLC—**

- (1) (a) What is the Department’s role in Investment 2000?
- (b) How long does that role continue?
- (2) What is the total value of the Department’s involvement in Investment 2000?
- (3) (a) How many Departmental staff have been involved in Investment 2000 in previous financial years?
- (b) How many are currently involved in Investment 2000?
- (c) Under what basis are those staff allocated to the Investment 2000 project?

**Answers:**

- (1) (a) *Investment 2000 operated as a joint venture between Telstra, Westpac, Invest Australia and the Department of State and Regional Development to attract investment and enhance business opportunities in the lead up to the 2000 Olympic Games.*
- (b) *Investment 2000 Pty Ltd ceased operations in February 2001. Proceedings for the winding up of the company, as agreed by all four partners are in the final stages of completion.*
- (2) *Each partner made an equal contribution of \$300,000 per annum for four years. All partners also contributed in-kind support during the life of the project.*
- (3) (a) *There were two departmental officers seconded to Investment 2000 for the first year of operations, then only one officer for the remainder of the term.*
- (b) *Nil*
- (c) *The secondment of staff plus the provision of office space was part of the Department’s in-kind contribution.*