

PORTFOLIO COMMITTEE NO. 1 – PREMIER AND FINANCE

Monday, 4 September 2017

Examination of proposed expenditure for the portfolio area

UNCORRECTED PROOF

FINANCE, SERVICES AND PROPERTY

The Committee met at 9.00 a.m.

MEMBERS

Reverend the Hon. Fred Nile (Chair)

The Hon. S. Farlow (Acting Deputy Chair)

The Hon. W. Fang

Mr J. Field

The Hon. T. Martin

The Hon. D. Mookhey

The Hon. P. Primrose

Mr D. Shoebridge

PRESENT

The Hon. V. Dominello, *Minister for Finance, Services and Property*

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 DEPUTY CHAIR: Welcome to the public hearing for the inquiry into the budget estimates 2017-18. Before I commence I acknowledge the Gadigal people, who are the traditional custodians of this land. I also pay respect to the elders, past and present, of the Eora nation, and extend that respect to other Aborigines present. I welcome Minister Dominello and accompanying officials to this hearing. Today the Committee will examine the proposed expenditure for the portfolio of Finance, Services and Property.

Today's hearing is open to the public and is being broadcast live by the Parliament's website. In accordance with the broadcasting guidelines, while members of the media may film or record Committee proceedings, Committee members and witnesses and people in the public gallery should not be the primary focus of any filming or photography. I remind media representatives that you must take responsibility for what you may publish about the Committee's proceedings. The guidelines for the broadcast of proceedings are available from the secretariat.

There may be some questions that a witness could only answer if they had more time, or with certain documents to hand. In these circumstances witnesses are advised that they can take a question on notice and provide an answer within 21 days. Any messages from advisers or members of staff seated in the public gallery should be delivered through the Committee secretariat. Minister, I remind you and the officers accompanying you that you are free to pass notes and to refer directly to your advisers seated at the table behind you.

Transcripts of this hearing will be available on the web from tomorrow morning. Finally, would everyone please turn their mobile phones to silent for the duration of the hearing. All witnesses from departments, statutory bodies or corporations will be sworn prior to giving evidence. Minister, 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.

BRETT NEWMAN, Chief Executive Officer, Property NSW, affirmed and examined

ANDREW MCMASTER, Chief Financial Officer, Service NSW, sworn and examined

MARTIN HOFFMAN, Secretary, Department of Finance, Services and Innovation, sworn and examined

KELLY WOOD, Executive Director, Product Service and Compliance, Revenue NSW, affirmed and examined

CARMEL DONNELLY, Acting Chief Executive, State Insurance Regulatory Authority, affirmed and examined

The ACTING DEPUTY CHAIR: I now declare the proposed expenditure for the portfolio of Finance, Services and Property open for examination. The questioning in the portfolio of Finance, Services and Property will run from 9 a.m. to 11 a.m. As there is no provision for a Minister to make an opening statement before the Committee commences questioning, we will begin the questions from the Opposition.

The Hon. PETER PRIMROSE: Minister, I will make some references to the Code of Practice and Procurement in New South Wales in a moment, so if you do not have a copy perhaps one of your officers could pull it up on their iPads. I am just alerting you to that.

Mr VICTOR DOMINELLO: Thank you.

The Hon. PETER PRIMROSE: I refer to St Hilliers being awarded the \$50 million contract to build the new government buildings on the Gosford foreshore. Can you confirm, Minister, in your portfolio you are responsible for the Public Works and Procurement Act of 1912?

Mr VICTOR DOMINELLO: Yes.

The Hon. PETER PRIMROSE: You are responsible for the NSW Procurement Board and New South Wales Procurement Policy that shapes procurement, including contracts and tenders for the Government?

Mr VICTOR DOMINELLO: Yes.

The Hon. PETER PRIMROSE: In relation to that document I have just mentioned, the Code of Practice for Procurement in New South Wales, I will read out an excerpt, to confirm its accuracy. On page 1 it states:

The Government will use its right as a major client to do business only with service providers who display a commitment to and consistent application of the standards of behaviour outlined in the Code.

On page 2 it says:

The Government:

has set the responsibilities and standards of behaviour expected ...

and

will award contracts to those service providers that meet the requirements outlined in the Code.

Is that accurate?

Mr VICTOR DOMINELLO: I do not have it in front of me, Mr Primrose, but if you have the extract there?

The Hon. PETER PRIMROSE: I have.

Mr VICTOR DOMINELLO: I take your word for it.

The Hon. PETER PRIMROSE: On page 4 of that code there is a list of best practice qualities that are deemed essential for doing business with the New South Wales Government. They are: that the tenderer is expected to have a client focus; the tenderer is expected to be ethical; they are expected to be skilled in tendering and contract management; they are expected to build cooperative relationships; they are expected to have non-adversarial dispute resolution; and they are expected to have good payment practices.

I put to you that St Hilliers has a history of failure on all these essential qualities detailed on page 4 of your own Procurement Code of Practice and that the history means that they do not satisfy the qualities deemed essential on pages 1 and 2 of that same document. I ask you to address the issues of how the contract in relation to St Hilliers meets the requirements of your own code of practice.

Mr VICTOR DOMINELLO: As you know, Mr Primrose, one of the things that the code previously did not include was specifically corporate history and what you are referring to is accurate. There was a time, I think in around 2012, where St Hilliers went into voluntary administration, from memory, and as a result of that, their relationship with creditors was, how shall I say, less than satisfactory in the sense that the creditors were only paid a meagre amount of money in terms of cents in the dollar. They subsequently went out of voluntary administration and I might defer to either the secretary or somebody else in relation to the details. The secretary is across it because he is the chair of the Procurement Board and I understand that they traded after they got out of voluntary administration and no doubt there was a period there where they traded and that would have counted towards their track record.

The guidelines did not specifically say that we had to take into account corporate history, which is your point, and it is a point that I share. As a result of that, it was only about, I think Friday last week or shortly before that, we asked the Procurement Board to issue a direction that from now on corporate history must be taken into account. In relation to the procurement process that you have asked about, as you know from when you were in government, there are very strict protocols in place in relation to procurement and procurement has to, for good reason, be wrapped around probity and independence. The last thing you want is Government Ministers making decisions for their mates in relation to procurement. It is not a path that anyone wants to walk down. The St Hilliers contract went through the appropriate probity and independent expertise that is embedded within the public service and the procurement was based on those parameters.

The Hon. PETER PRIMROSE: Minister, you said that one of the things you did not consider was the history of the company because you said it was not required. Can you confirm that? I do not want to misquote you on this and maybe one of your officers could also answer.

Mr VICTOR DOMINELLO: It was not specifically stated that corporate history or corporate background was a direct criterion to take into account.

The Hon. PETER PRIMROSE: What was assessed?

Mr VICTOR DOMINELLO: A range of things. I will defer to Mr Hoffman in a moment.

The Hon. PETER PRIMROSE: How on earth could you assess the performance of the company against these guidelines if you have not considered the history of the company and its operations?

Mr VICTOR DOMINELLO: Some of the things you would take into account is the company's ability to perform the contract and the value proposition for the New South Wales taxpayer. There is a range of things, and I will let Mr Hoffman address them.

Mr HOFFMAN: Of course when looking at the transactional criteria, which goes to the capability of the firm to deliver the project, you are going to look at just that—the capability of the firm. St Hilliers has been responsible for the delivery of approximately 70 projects for local, State and Federal governments since coming out of voluntary administration in 2012. I am not here to dismiss concerns about the project in 2001 and 2002 on the Central Coast, but it is appropriate to balance the performance of the company since coming out of voluntary administration in 2012 and its track record of delivering on projects at the three tiers of government for that period.

The Hon. PETER PRIMROSE: Mr Hoffman, were you considering its past performance?

Mr HOFFMAN: We were considering its capability to deliver against the particular project, yes.

The Hon. PETER PRIMROSE: Given that you considered its past performance, I refer to the NSW Procurement Board direction known as PBD-2014-01. It deals with dishonest, unfair, unconscionable, corrupt or otherwise illegal conduct by suppliers. Item 3 of that direction states:

...agencies are required...to use their best endeavours to ensure that they are aware of any adverse findings against a supplier...

Were you aware of all the adverse findings and history of St Hilliers?

Mr HOFFMAN: Which adverse findings are you referring to?

The Hon. PETER PRIMROSE: You said you had gone back through the history. Were you aware of any adverse findings?

Mr HOFFMAN: Which adverse findings?

The Hon. PETER PRIMROSE: Any.

Mr HOFFMAN: I am not aware of adverse findings in the courts in relation to the matter you are referring to.

The Hon. PETER PRIMROSE: Subsection 3 states that agencies are required to ensure that their tenderers comply with the New South Wales code of practice for procurement? Are you aware of that and do you believe that St Hilliers met that code of practice?

Mr HOFFMAN: As the Minister has said, we have since taken specific and quick actions to enhance that code. The Minister outlined those actions. I have already mentioned that the decision to award the contract to St Hilliers reflected the firm's capability and financial standing at the time the decision was made, and that was done with reference to its performance over the past five years.

The Hon. PETER PRIMROSE: Subsection 3 of that document requires tenderers to provide you with information concerning any findings of dishonest, unfair, unconscionable, corrupt or illegal conduct. Was that required of St Hilliers and, if so, did it comply?

Mr HOFFMAN: Unless Mr Newman can add any specific finding, I will take that question on notice.

Mr NEWMAN: I will provide more detail about the assessment process. Firstly, it is important to state that as part of the assessment process for this appointment the department established an evaluation committee which was made up of representatives from the department and Treasury. The committee assessed a number of aspects of all of the proponents who made submissions on this project. St Hilliers was assessed against a number of those criteria, as were other proponents. I understand that that committee considered, and was made aware, that St Hilliers was put into administration. However, it also considered other factors.

Most importantly with regard to this question, it also considered St Hilliers' recent performance in delivering projects for State government, Federal government, local councils and the private sector. The committee considered St Hilliers' financial capacity to deliver the project not in an absolute sense but in a relative sense against the other proponents. It is important to remember that when the committee assesses these proposals, it must consider all of the proponents against all of the criteria. The committee, importantly, considered St Hilliers' financial capacity to deliver against other proponents, its guarantees and its financial performance, in addition to its financial offer.

The Hon. DANIEL MOOKHEY: How many financial proponents were there?

Mr NEWMAN: There were at least three.

The Hon. DANIEL MOOKHEY: Did any of the others have a history of being in voluntary administration?

Mr NEWMAN: Not as far as I am aware, but I will take that question on notice.

The Hon. PETER PRIMROSE: Will you table and take on notice the criteria you used to make that assessment?

Mr NEWMAN: I can take that question on notice.

The Hon. PETER PRIMROSE: Thank you.

Mr VICTOR DOMINELLO: This is a legitimate point of inquiry and that is why we have moved quickly to make sure that we add that as an additional consideration for procurement to take into account.

The Hon. PETER PRIMROSE: Minister, I am trying to work out whether or not due diligence was performed. Your opening statement suggests that you did not believe that looking at past history and performance may have been required. I am now hearing from your officers that they did do something beyond a Google search. They will provide the Committee on notice with the criteria used to undertake this assessment.

Mr DAVID SHOEBRIDGE: They did not say they did a Google search.

The Hon. PETER PRIMROSE: Maybe they did not, but I am prepared to accept that.

Mr JUSTIN FIELD: We would not want to accuse you of using Google.

Mr DAVID SHOEBRIDGE: I put that question on notice.

The Hon. PETER PRIMROSE: I refer to the recent regulation allowing for seven new companies to be listed as approved persons for the sake of providing for Service NSW?

Mr VICTOR DOMINELLO: Yes.

The Hon. PETER PRIMROSE: Do you recall the Legislative Assembly disallowance debate on 22 June in which you participated and which clarified that the list of approved persons—that is, those seven companies—was the same as those listed by the Australian Taxation Office?

Mr VICTOR DOMINELLO: Yes.

The Hon. PETER PRIMROSE: Are you aware that the Commonwealth procurement rules have both similarities to and significant differences from those in New South Wales?

Mr VICTOR DOMINELLO: That is my understanding.

The Hon. PETER PRIMROSE: Minister, did you instruct any person in your department to check the Commonwealth procurement rules prior to listing the seven new agencies by regulation on 19 May?

Mr VICTOR DOMINELLO: I do not recall specifically.

The Hon. PETER PRIMROSE: Will you take that question on notice?

Mr VICTOR DOMINELLO: Yes, I will.

The Hon. PETER PRIMROSE: Will you also take on notice and consider tabling any advice that you received in relation to those seven companies?

Mr VICTOR DOMINELLO: I am happy to take that on notice.

The Hon. PETER PRIMROSE: Since the disallowance debate, have you taken any steps to investigate the suitability of those seven companies so that you do not end up in a situation similar to the St Hilliers scenario?

Mr VICTOR DOMINELLO: Not specifically. I am sure my agency is doing that on an ongoing basis.

The Hon. PETER PRIMROSE: One of those seven companies is Serco. Are you familiar with that name?

Mr VICTOR DOMINELLO: I know the name, but I do not know much more detail than that.

The Hon. PETER PRIMROSE: Do you view it in a favourable light?

Mr VICTOR DOMINELLO: I do not have a view one way or another.

The Hon. PETER PRIMROSE: Has anybody in your department conducted a review of Serco similar to the one Mr Newman said was conducted in relation to St Hilliers?

Mr VICTOR DOMINELLO: I can ask my agency or somebody else. Mr Hoffman?

Mr HOFFMAN: I will just comment that it is a large company with involvement with governments across Australia and the world. They are a current partner or current supplier to other agencies in New South Wales.

The Hon. PETER PRIMROSE: Mr Hoffman, I refer to the fact that as a large agency it has been subject to multiple fines and contract terminations by the Western Australian Government for failure of performance in hospital and jail settings. That included delivering the wrong prisoner to court for hearing; delivering prisoners to the wrong court for hearing in Western Australia, New Zealand and the United Kingdom; releasing the wrong prisoner from custody; involvement in fight clubs in New Zealand prisons which were filmed and streamed on YouTube; violence and understaffing in Australian State-based prisons, in Australian detention centres and international jails run and managed by Serco; widespread infections and super bugs in a number of Serco run hospitals in the United Kingdom; and alarming reports of service delivery failure, particularly in asylum seeker housing in the United Kingdom. I am trying to understand how your department was able to assess this company under procurement provisions?

The Hon. DANIEL MOOKHEY: That is from a Google search.

The Hon. PETER PRIMROSE: That is from a Google search. I am not the Minister and I have one person in my department.

Mr HOFFMAN: What is the question you want me to answer off that?

The Hon. PETER PRIMROSE: Why were you totally unaware and, if you were aware, how did you make a decision that Serco was appropriate to be one of the seven?

Mr HOFFMAN: I would not say we were unaware.

The Hon. PETER PRIMROSE: Were you well aware of Serco's background?

Mr HOFFMAN: Aware of criticisms of it, yes.

The Hon. PETER PRIMROSE: Aware of findings against it in numerous jurisdictions, including Australian jurisdictions?

Mr HOFFMAN: Yes. I am not aware of the findings to which you are specifically referring.

Mr DAVID SHOEBRIDGE: The fight club video?

The Hon. PETER PRIMROSE: The fight club video?

Mr HOFFMAN: Is that a finding?

The Hon. PETER PRIMROSE: I will give you the YouTube and Google links and you can have a look. I do not want to engage in a debate. I am happy to let you answer the question. I am trying to understand, other than a Google search what assessment you made that could enable Serco to be considered as an appropriate agency? I ask you and the Minister to table the documents you used to make that assessment. What criteria did you use?

Mr HOFFMAN: I was using the word "finding" in the sense of a legitimate court or body rather than the viewing of a leaked videotape. I am not taking away from the seriousness of that; I was using the word "finding" in its specific sense.

The Hon. PETER PRIMROSE: What matters did you consider and will you table a document outlining the criteria you used to make that assessment?

Mr HOFFMAN: Yes, Mr Primrose, I am happy to take the question on notice and table material relating to the selection of that company.

The Hon. DANIEL MOOKHEY: Mr Hoffman, is a company such as Serco required to disclose that history to you in the bid process, including the history of any adverse findings made in any tribunals?

Mr HOFFMAN: Mr Mookhey, let me consider that and take it on notice. I am not trying to avoid the question. I would simply say that it can depend on the particular bid process in question. Matters of performance and history are important, as Mr Primrose outlined when quoting from the directions.

The Hon. DANIEL MOOKHEY: Is there a requirement for a provider to pass anything that resembles a fit and proper person test in order to obtain government work?

Mr HOFFMAN: You have introduced a specific term—a fit and proper purpose test.

The Hon. DANIEL MOOKHEY: Anything akin to a fit and proper person test?

Mr HOFFMAN: I return to the code Mr Primrose quoted in earlier questioning, which does contain wording that is akin to that sort of test, yes.

The Hon. PETER PRIMROSE: Minister, does Serco have your 100 per cent support as being on your list of preferred tenderers?

Mr VICTOR DOMINELLO: It is on the list of tenderers but, given the recent changes we have made to the procurement guidelines relating to corporate history—

The Hon. PETER PRIMROSE: Such as Google searches?

Mr VICTOR DOMINELLO: In light of the changes that I instigated when becoming aware of the matters you agitated this morning, when was that put in place, Mr Hoffman?

Mr HOFFMAN: Last Friday.

Mr VICTOR DOMINELLO: As a result of that there will be a new prism that people and companies will need to go through relating to corporate history.

The Hon. DANIEL MOOKHEY: When you say "corporate history", are we talking financial or legal, what do you mean?

Mr VICTOR DOMINELLO: It has a broad remit.

The Hon. DANIEL MOOKHEY: Tell us.

Mr VICTOR DOMINELLO: It could mean financial. If a company has gone into voluntary administration, what process that administration followed relating to creditors. Did it get 99¢ in the dollar, did it get 90¢, or did it get 5¢? Has the company engaged in activity in New South Wales or Australia that could put the company in disrepute and cause an associated supplier or contractor of the company to have similar issues? It has a broad remit.

Mr DAVID SHOEBRIDGE: Minister, are you aware of section 39 of the Workers Compensation Act?

Mr VICTOR DOMINELLO: Yes.

Mr DAVID SHOEBRIDGE: Do you know how many workers who have been on workers compensation for five years or more are likely to have their benefits terminated just after Christmas as a result of section 39?

Mr VICTOR DOMINELLO: I do have some figures here.

Mr DAVID SHOEBRIDGE: I am happy for Ms Donnelly to answer.

Ms DONNELLY: In the period just after Christmas we are expecting that it would be 1,882 in our current projections.

Mr DAVID SHOEBRIDGE: Does that include self-insurers?

Ms DONNELLY: That includes everyone in the workers compensation system, yes.

Mr DAVID SHOEBRIDGE: On Boxing Day, or the day after, 1,882 injured workers will have their benefits terminated. Is that right?

Ms DONNELLY: In the weeks around that, yes.

Mr DAVID SHOEBRIDGE: Other workers are having their benefits terminated in dribs and drabs commencing some date in October?

Ms DONNELLY: The first workers who will reach the 260-week limit will be the end of September and in small numbers from there up to December.

Mr DAVID SHOEBRIDGE: From September to Christmas, for the rest of this calendar year, how many workers do you estimate will have their benefits terminated?

Ms DONNELLY: Our current projection is 4,423.

Mr DAVID SHOEBRIDGE: Minister, are you satisfied with a scheme that will see 4,423 injured workers, who everybody agrees have had injuries at work sufficient for five years workers compensation and cannot do their previous job, terminated from all weekly payments without any additional compensation between now and the end of this year?

Mr VICTOR DOMINELLO: It was a scheme that came into place as a result of amendments made in 2012. As you are fully aware; you were part of the debate.

Mr DAVID SHOEBRIDGE: We opposed it and you pushed it.

Mr VICTOR DOMINELLO: I know.

Mr DAVID SHOEBRIDGE: We opposed it because of this kind of brutality.

Mr VICTOR DOMINELLO: There was a social equity point in 2012. In 2012 the scheme was in a deficit of \$4.1 billion. The return to work rates were less than the national average and the premiums were escalating to an uncontrollable level. When you look at the changes that were made—I accept they were difficult changes particularly for those that were not new to the scheme, who were part of the old scheme before October 2012—you see that it was difficult. When you get a scheme in gross deficit at \$4.1 billion it means somebody else is paying for it.

I come to the social equity point. If the scheme is not in balance it affects other people in the community. Because we do not have a magic pudding somebody will have to pay for the scheme. To make the scheme fair we had to deliver the changes made in 2012. Holistically, if you compare the two schemes you find that the changes that were made in 2012 are a big improvement. Let me give you two or three figures. The first relates to the return to work rates. There are two key stakeholders. First, we have the worker, as you appropriately identified. Secondly, how would you measure overall—because we cannot deal with each individual—whether they are achieving better outcomes. I would suggest that the return to work rate is probably the best figure, because on any given study that you look at, if you can return the worker to work as soon as possible that is going to optimise long-term outcomes. Under the new scheme, we have had an increase or an improvement of 4 per cent—

Mr DAVID SHOEBRIDGE: I was asking you about section 39 and the 4,300 workers who are going to have their benefits terminated. They will not be very satisfied hearing your answer about return to work. Can we focus on the issue at hand?

Mr VICTOR DOMINELLO: And I explained it was a difficult decision to make. But when you look at the scheme holistically you find that we have had better return to work rates and we have had a reduction of the premiums of about 17 per cent.

Mr DAVID SHOEBRIDGE: How is section 39 in any way relevant to return to work? Section 39 is not about return to work. We have had Government Information (Public Access) Act [GIPAA] information from the Workers Compensation Independent Review Office that shows that the average person out of the 4,300 workers applying for legal funding to try to overcome section 39 is 54 years old and has been on workers compensation for 13 years. These workers are going to have their benefits terminated. Minister, you are throwing them on the scrapheap. What are you going to do about it? I do not want to hear about the others; I want to hear about the 4,300 workers with an average age of 54 years and an average period of compensation of 13 years. You are throwing them on the scrapheap between now and the end of the year. What are you going to do about those 4,300 workers?

Mr VICTOR DOMINELLO: As you know, Insurance & Care NSW [icare] is responsible for the rehabilitation and the vocational assistance in trying to get those workers back into employment—

Mr DAVID SHOEBRIDGE: The workers are 54 years of age and they have been on compensation for 13 years. They are not going to go back into employment; they are going to go into poverty, are they not?

Mr VICTOR DOMINELLO: In relation to those workers, icare is working around the clock to ensure it provides the assistance to transition them—

Mr DAVID SHOEBRIDGE: Do you know what the State Insurance Regulatory Authority [SIRA] suggests? I looked at SIRA's question and answer, and when it is dealing with section 39 workers it gives the details for Lifeline, beyondblue and the mental health line. SIRA knows about the damage it is going to cause. Do you not think, rather than referring these workers to mental health and suicide prevention, a better answer would be to give them some dignity and retain their benefits?

Mr VICTOR DOMINELLO: That is why I go back to my initial answer. When we did the reforms in 2012, they were difficult decisions, but the reforms were necessary. Section 39 was part of the reforms.

Mr DAVID SHOEBRIDGE: What is the surplus now? You said it was in deficit. As we sit here, can you tell us, as best you can, what the surplus is?

Mr VICTOR DOMINELLO: It is about 1.89.

Mr DAVID SHOEBRIDGE: What is that in a funding ratio?

Mr VICTOR DOMINELLO: It is about 15.

Mr DAVID SHOEBRIDGE: It is about 115 per cent. Previously, when your Government came into office, you moved the funding ratio from 100 to 110 per cent, and you said that would be satisfactory. How many additional millions is that 5 per cent if you are at 115 per cent? Is it \$600 million?

Mr HOFFMAN: Give or take, as a working number.

Mr DAVID SHOEBRIDGE: Why do you not show some compassion and at least return that in some form of decent payment to these 4,300 workers and their families? Why do you not show some compassion and at least return that? Are you and your Government so fixed on the finances that you are not even willing to show that amount of respect and dignity to these workers? They are 54 years old and have been on benefits for 13 years and they get nothing.

Mr VICTOR DOMINELLO: I understand your question. In relation to the funding ratios at 115 per cent, that is commensurate with a number of the other jurisdictions, such as South Australia and Victoria.

Mr DAVID SHOEBRIDGE: Who is making the decision to move from 110 per cent to 115 per cent and that you are willing to just scrap these workers? Who makes these decisions? Do you weigh it up and say, "Actually, we want 115 per cent instead of 110 per cent, and we do not care about throwing the 4,000 odd workers and their families into poverty?" Who makes the decision to bump it up to 115 per cent or more?

Mr VICTOR DOMINELLO: The operational ratio is determined essentially by icare, and that is under the purview of the Treasurer, as you know. They obviously need to set ratios and make sure that they

remain in surplus. There has been a reduction of about \$1.4 billion since the estimates last year because we were having this discussion as to whether or not it was a structural surplus. It has already come down from about 3.4, from memory, to about 1.8.

Mr DAVID SHOEBRIDGE: What proportion of that reduction has been as a result of premium reductions to employers in the past three years?

Mr HOFFMAN: We can take that on notice, but it would be very small. We are talking about the change in the past six months.

Mr DAVID SHOEBRIDGE: Since the reforms in 2012, what impact has premium reductions had on the surplus?

Mr HOFFMAN: I will take that on notice.

Mr DAVID SHOEBRIDGE: It is billions though, is it not? Because it is about 15 per cent to 20 per cent.

The Hon. SCOTT FARLOW: Point of order: The secretary is trying to provide an answer to the member and the member keeps interrupting, so the secretary cannot answer. I ask you to direct the member to allow the secretary to answer the question that he asked.

Mr DAVID SHOEBRIDGE: It is in the form of billions of dollars in premium reductions, is it not, Mr Hoffman?

Mr HOFFMAN: I am not aware of that number off the top of my head. There was certainly a decision to return value both to beneficiaries and to premium payers—employers—as a result of the 2012 changes. The point I was going to make about the recent changes in the surplus or the capital adequacy ratio was that there was a large change within six months. It is necessary to make value judgements about the beneficiaries, and you have been putting a line of questioning and the Minister has been responding. All I would say from a factual position is that it is not a matter of simply being able to pick a number and guarantee that you are going to be able to hit that in the viability of the scheme. These are volatile numbers. We have seen that move—

Mr DAVID SHOEBRIDGE: These are not numbers; these are people, Mr Hoffman.

Mr HOFFMAN: I was talking about the numbers of dollars in the surplus. I am well aware that people are involved. I was talking about the movements in the surplus over the past six months of \$1 billion plus. These are not numbers that you can pick and hit exactly. That is why there is a surplus and a buffer. Movements in both Commonwealth bond rates and estimates of payout ratios lead to large swings. That is why a buffer and a surplus is an appropriate way to manage the scheme, so there is certainty going forward. That is all I was trying to say.

The CHAIR: Minister, have you been involved in trying to reform the taxi industry in New South Wales?

Mr VICTOR DOMINELLO: Yes, to the extent that there is an intersection between the reforms and what we are doing for green slips.

The CHAIR: Could you outline what proposal you are working on at present?

Mr VICTOR DOMINELLO: As a result of the green slip reforms that passed this year, which were very significant reforms, one of the big beneficiaries will be the taxi industry. As a result of the changes we will see an average reduction in taxi premiums of about 40 per cent, which on any measure is significant. That is with a view of trying to level the playing field, because the taxi industry was legitimately concerned that there were two operating systems in place between it and the Ubers of the world. By bringing taxi premiums down and by requiring those who are performing a point-to-point service who are travelling over 100 pay-faring kilometres per week, based on usage and payment, to be charged on a usage rate, we are trying to level the playing field. We are tracking towards a taxidriver travelling that distance and somebody in the general point-to-point market basically being on parity. The first big step is to bring the premiums down by an average of 40 per cent. We will start seeing those returns when this new scheme comes into effect on 1 December this year.

The CHAIR: The taxidrivers will not have any benefit until 1 December.

Mr VICTOR DOMINELLO: No-one will, in the sense that the reforms take effect on 1 December this year. That is when we will start getting refunds back for both taxidrivers and ordinary passenger vehicle drivers.

The CHAIR: What would be the increase for the Uber drivers under this new system?

Mr VICTOR DOMINELLO: I do not have that off the top of my head.

Ms DONNELLY: I would be happy to take that on notice. One of the important features of the innovation that the Minister has described is that the premiums will be calculated based on usage so it will depend on how much driving an Uber driver does. It will be very much driven by how much work they do.

Mr VICTOR DOMINELLO: If you are an Uber driver who is not driving much—for example, you are driving on the weekends for a little bit of pocket money—you will not see a big change. If you are an Uber driver who is using it as your full-time work and you are generating a significant income, we are trying to get a parity with taxidrivers who are also driving on a full-time basis.

The CHAIR: That is what I was getting at. What would the Uber price be, potentially? I know it is only an estimate

Mr VICTOR DOMINELLO: I do not want to say something that is—

The CHAIR: I am trying to get a comparison between Uber drivers and taxidrivers.

Mr VICTOR DOMINELLO: I do not want to say anything that is misleading so I will take that on notice and give you estimated figures in the future. I have some approximate figures, but they are not to hand.

The CHAIR: You may not be involved directly with conveyancing the public, but do you know what is happening in the hire car industry?

Mr VICTOR DOMINELLO: No. That is really a matter for Minister Constance. I know he was having some discussions with the hire car industry on that front.

The CHAIR: You are not aware of any major changes?

Mr VICTOR DOMINELLO: Not that I would be comfortable articulating today because I do not want to walk over the portfolio responsibilities of Minister Constance.

The CHAIR: It overlaps in the area of Uber and taxidrivers.

Mr VICTOR DOMINELLO: It does, but the only intersection with me and my responsibility is green slips. I know there are bigger issues at play. I was privy to one of the meetings with Minister Constance and the taxi industry when that topic was raised. Again, I would be reluctant to talk about that issue when it is for Mr Constance to deal with.

The CHAIR: I am concerned because I have received some complaints that the Government has made a decision to cancel the hire car licence plates, which has virtually closed down the hire car industry in New South Wales.

Mr VICTOR DOMINELLO: Yes. I can take that on notice, but ultimately it is a matter for Minister Constance. I am reluctant to say anything that walks over his patch.

The CHAIR: Is it accurate that the plates have been cancelled?

Mr VICTOR DOMINELLO: I am not aware, Mr Chair.

Mr JUSTIN FIELD: Minister, I turn to the Land and Property Information [LPI] lease. Have you met with the Registrar General since the lease was taken up by the private operators?

Mr VICTOR DOMINELLO: I have met with him several times. I am pretty confident I have met with him since the concession took place.

Mr JUSTIN FIELD: Will you take that on notice?

Mr VICTOR DOMINELLO: Yes.

Mr JUSTIN FIELD: I am interested to know what actions the Registrar General will take to monitor and enforce the private operator's performance. How will you become aware of any issues that arise from that performance and how will you monitor it?

Mr VICTOR DOMINELLO: Sure.

Mr JUSTIN FIELD: No, that is my question.

Mr VICTOR DOMINELLO: I thought you wanted me to take that on notice.

Mr JUSTIN FIELD: I want to know whether you have met with him, but I would also like to know what he is doing to monitor and enforce the requirements under the lease conditions.

Mr VICTOR DOMINELLO: The lease conditions went into great detail about what was required.

Mr JUSTIN FIELD: Going forward, how will you monitor how the private operator is performing?

Mr VICTOR DOMINELLO: In respect of the key performance indicators [KPIs]?

Mr HOFFMAN: Mr Field, I am happy to answer that question. There are a series of regular meetings that the Registrar General and his office have with the operator on a monthly and quarterly basis with different levels of the organisation. Regular formal reporting is required against the KPIs and the concession deed provided to the Office of the Registrar General, which are analysed, et cetera. A regular formal ministerial briefing is then provided to Mr Dominello and the ability for ad hoc escalation if particular issues arise.

Mr JUSTIN FIELD: How often will those formal ministerial briefings happen?

Mr HOFFMAN: At the moment, we are planning to do those at least every month.

Mr JUSTIN FIELD: Has one of those briefings occurred yet?

Mr HOFFMAN: There has been a briefing on the performance of the operator since the concession commenced, yes.

Mr JUSTIN FIELD: Will an annual report come from the Registrar General to the department or the Minister's office to look at those KPIs, or will issues be raised in the monthly meetings? How will you be assured that the operator is operating according to the KPIs?

Mr HOFFMAN: It is certainly more than an annual report. As you would expect, there is close and ongoing interaction with the operator. Effectively, we are looking for information on a real-time basis from them about the volumes that are going through, et cetera, and the standards that are being maintained. It is not only an annual report. We have met a number of times with them, me included, to ensure that there is a common interest in the concession operating effectively, safely and efficiently.

Mr JUSTIN FIELD: One of the big deals that was made by the Government as we debated this lease was the step-in powers that were part of the legislation that was passed. If required, how would you implement the step-in powers?

Mr HOFFMAN: First, I would say that the step-in powers are, in some sense, the ultimate protection. You would want to have been taking considerable action before getting to the point of last resort, which the step-in powers represent. There are requirements in the concession deed that the operating system, the code, is retained in escrow and, therefore, available to the Government to access it and be able to operate the systems. The step-in power would be exercised legally through the concession deed giving notice in much the same way, if you think about it, as a company going into voluntary administration. There is a handover to the administrator or liquidator who literally takes legal control of the operation of the business. That is what would happen here. It would be enhanced, as I say, for the requirements of all code and systems to be available in escrow.

The Hon. DANIEL MOOKHEY: How well is Government Connect performing?

Mr VICTOR DOMINELLO: Government Connect?

The Hon. DANIEL MOOKHEY: GovConnect.

Mr VICTOR DOMINELLO: Reasonably well.

The Hon. DANIEL MOOKHEY: Would you describe it as being a model performance? Are you satisfied with its performance?

Mr VICTOR DOMINELLO: Yes. There does not seem to be an issue that has come to me.

The Hon. DANIEL MOOKHEY: Are the services of GovConnect provided directly by the Government or are you using contractors?

Mr VICTOR DOMINELLO: Are you happy to answer that?

Mr HOFFMAN: Yes, I am happy to. If I understand the question, GovConnect is the operating name for the outsourced contracts to two companies, those being Unisys and Infosys, and GovConnect is the operating name that we put around that. The department has staff that interact with the providers—Infosys and Unisys. Some of those will be employed public servants under the Government Sector Employment Act. Some may be contractors as well. That is the same in any departmental area of operation.

The Hon. DANIEL MOOKHEY: How many department staff that you referred to are performing those services?

Mr HOFFMAN: Can I take the exact number on notice?

The Hon. DANIEL MOOKHEY: Yes, you are welcome to take the exact number on notice. Is it circa 262?

Mr HOFFMAN: That sounds high to me. As I said, I will take the exact number on notice.

The Hon. DANIEL MOOKHEY: How many people are providing the services through Infosys and Unisys?

Mr HOFFMAN: Those numbers will be in the hundreds. I can get a more detailed answer for you. In some sense, we are buying the delivery of a service against our performance standards, so we are less concerned with the exact number of people that Infosys and Unisys have to provide it. We are more concerned with getting the service for which we have contracted and expect to receive.

The Hon. DANIEL MOOKHEY: Where are the Unisys and Infosys staff physically performing their labour?

Mr HOFFMAN: The majority are located in Sydney, primarily at Parramatta, although there are locations also in office buildings here, co-located with departmental staff here in the central business district. There are also staff located in India.

The Hon. DANIEL MOOKHEY: Which part of India?

Mr HOFFMAN: I do not know the city name. One of my colleagues might be able to tell me quickly, but I will probably get it wrong.

The Hon. DANIEL MOOKHEY: How many are performing New South Wales Government work in India?

Mr HOFFMAN: How many staff are there?

The Hon. DANIEL MOOKHEY: Yes.

Mr HOFFMAN: Again, I can get the exact number of those.

The Hon. DANIEL MOOKHEY: What are the wages in price parity terms to Australia?

Mr HOFFMAN: I do not know.

The Hon. DANIEL MOOKHEY: Have you checked?

Mr HOFFMAN: No.

The Hon. DANIEL MOOKHEY: Were they required to disclose?

Mr HOFFMAN: I do not know the answer to that question.

The Hon. DANIEL MOOKHEY: You are aware that under the procurement guidelines the Government maintains, the industrial relations practices of contractors are relevant for the purpose of granting a contract for onshore providers; that is correct, is it not? Every time I read the contract there is this wonderful part that says "industrial agreement performed under". There are these things that are provided in all contracts.

Mr HOFFMAN: Could you repeat the statement?

The Hon. DANIEL MOOKHEY: Under the procurement guidelines and code, there is a requirement for a provider and a contractor to disclose their industrial instruments under which their staff are performing the work. That is correct, is it not?

Mr HOFFMAN: I am not aware exactly of that code, but if you say it is true I am happy to hear that from you.

The Hon. DANIEL MOOKHEY: Whether or not that is checked, that is disclosed on the contract summaries that are published on the contracts register; that is correct as well, is it not?

Mr HOFFMAN: Yes.

The Hon. DANIEL MOOKHEY: Does that apply to people who are performing any of the work offshore?

Mr HOFFMAN: I would want to check that point precisely.

The Hon. DANIEL MOOKHEY: You would agree with me though that if there are people performing New South Wales Government work overseas, the New South Wales Government, as an ethical provider, has a requirement to ensure that the people are providing that work under safe, fair and reasonable conditions? Is there a requirement for that to happen, or is it a case that if the work is performed offshore the New South Wales Government has no interest?

Mr HOFFMAN: As a general principle, the New South Wales Government would be concerned with that point, yes.

The Hon. DANIEL MOOKHEY: Do you have any systems in place to check?

Mr HOFFMAN: Again, I will take the specifics of that on notice, Mr Mookhey.

The Hon. DANIEL MOOKHEY: Have you signed up to any international code of practice akin to, for example, what Apple or UNIQLO would do—all these things that provide international systems and supply chain accountability?

Mr HOFFMAN: Again, I will take that on notice, Mr Mookhey.

The Hon. DANIEL MOOKHEY: Minister, you would agree with me that if a person is performing New South Wales Government work and they are being paid an incredibly low amount that that would be outrageous and the New South Wales Government should step in?

Mr VICTOR DOMINELLO: You would have to look at the circumstances of the place where they were paid. I know the point you are raising in relation to parity. It would have to be relative to their country that they were working in.

The Hon. DANIEL MOOKHEY: Minister, you are aware of your predecessor's commitment that a minimum of 70 per cent of the GovConnectNSW workforce would be employed onshore?

Mr VICTOR DOMINELLO: Vaguely, yes.

The Hon. DANIEL MOOKHEY: Are you satisfied that that commitment and that promise made by your predecessor are being complied with?

Mr VICTOR DOMINELLO: I will defer to Mr Hoffman on that.

Mr HOFFMAN: Yes, I recall the comments from the previous finance Minister you are referring to and we have provided answers to questions on notice or questions previously on that and they remain correct.

The Hon. DANIEL MOOKHEY: The figures remain correct?

Mr HOFFMAN: The commitment made by the previous finance Minister remains in force.

The Hon. DANIEL MOOKHEY: That is interesting. You are correct in saying that you did provide answers on notice to this question and you said at the end of last year's budget estimates that your best estimate of the ratio was 64 per cent are onshore and 36 per cent are offshore. Granted my mathematics might not be great, but it seems that you missed your target and you seem to have known about it because it was submitted to the Parliament as a question on notice. You have had 12 months. What have you done to make sure that the Government's promise has been met?

Mr HOFFMAN: I do not have that specific response in front of me, but from memory—so forgive me—I think it made it clear that we were moving towards the 70 per cent target, that there were some initial start-up and set-up staffing, which would mean it was below that number initially, but we were trending towards it and that was the commitment to reach, and that remains the case.

The Hon. DANIEL MOOKHEY: You have had 12 months to trend towards it and I am asking in the last 12 months what you have done to trend towards it?

Mr HOFFMAN: I am happy to update the answer with the specific numbers to demonstrate that.

The Hon. DANIEL MOOKHEY: Minister, is it the case that when the New South Wales Government sells a government property that the proceeds are deposited in Restart NSW?

Mr VICTOR DOMINELLO: Depending on the property, yes.

The Hon. DANIEL MOOKHEY: How much Restart NSW money has been the result of property sales?

Mr VICTOR DOMINELLO: I do not have that specific figure.

Mr NEWMAN: Can I clarify that answer? Where Property NSW sells an asset owned by Property NSW, the net proceeds are contributed to Restart NSW, but where another agency sells an asset owned by that agency, in accordance with current government policy, the Premier's memorandum 2012, that agency retains the net proceeds. What that agency does with that capital will depend on that agency's capital program. Again, the general policy of government is to recycle assets back into new capital.

The Hon. DANIEL MOOKHEY: Mr Newman, going on the first limb of your answer of the Property NSW proceeds to Restart NSW, how much has that been?

Mr NEWMAN: In the last financial year?

The Hon. DANIEL MOOKHEY: Yes.

Mr NEWMAN: Can I take that question on notice to give you a specific answer?

The Hon. DANIEL MOOKHEY: Yes. Do you have any data, for example, for the last five years?

Mr NEWMAN: I have to hand the total government asset sales for the last five years. What I cannot tell you is the split of what went into Restart NSW.

The Hon. DANIEL MOOKHEY: Just begin with the figures you have there.

Mr NEWMAN: Over the last six years to 30 June 2017, approximately \$9.14 billion of real property assets have been recycled by government agencies and public trading enterprises, including State owned corporations. The split year by year is as follows: \$1.65 billion for financial year 2016-17, \$2.15 billion for 2015-16, \$1.58 billion for 2014-15, \$1.35 billion for 2013-14, \$1.41 billion for the financial year 2012-13 and \$997 million for the financial year 2011-12.

The CHAIR: Would it help if you tabled that document that you are quoting?

Mr NEWMAN: I will not table the document, but I am more than happy to provide the figures on notice.

The Hon. DANIEL MOOKHEY: As to the \$1.6 billion in the last financial year, Minister, what did you sell?

Mr VICTOR DOMINELLO: There were a range of properties that have been capitalised. In relation to the detail, again, I am happy to defer to Mr Newman.

Mr NEWMAN: I can answer that in part. That number includes assets sold right across all government agencies, including State owned corporations. It includes asset sales by entities such as Landcom, which is a residential redevelopment entity. It also includes, importantly, the Millers Point sales program, which are assets that are sold by Land and Housing Corporation and are then reinvested into new social housing. The total asset sales as at 30 June 2017 for Millers Point, which are owned by the Land and Housing Corporation, are approximately \$440 million. That is all sales to date, not just for the financial year.

The Hon. DANIEL MOOKHEY: How much was in the financial year?

Mr NEWMAN: I would have to take that specific question on notice.

The Hon. DANIEL MOOKHEY: Are all the Millers Point properties sold?

Mr NEWMAN: No.

The Hon. DANIEL MOOKHEY: How many more are to be sold?

Mr NEWMAN: In fact, as at 12 July there were 151 properties—206 dwellings sold in Millers Point, realising \$422 million. There are 293 properties in Millers Point to be sold as part of the program. So that gives approximately 142 properties to be sold.

The Hon. DANIEL MOOKHEY: Have all the residents been evicted? Are they all therefore available for sale?

Mr NEWMAN: That really is a question for Land and Housing Corporation and Family and Community Services.

The Hon. DANIEL MOOKHEY: Putting aside the value of the properties sold in financial year 2016-17, how many properties have been sold?

Mr NEWMAN: If I cannot find the number quickly, rather than holding up the Committee, I will take that question on notice.

The Hon. DANIEL MOOKHEY: How many government properties were sold between financial year 2011-12 and financial year 2015-16?

Mr NEWMAN: The total number of properties?

The Hon. DANIEL MOOKHEY: The total number.

Mr NEWMAN: I will have to take that question on notice as well.

The Hon. DANIEL MOOKHEY: Is it circa 20,000 separate and individual properties?

Mr NEWMAN: Excluding last financial year, yes, it is circa 20,000.

The Hon. DANIEL MOOKHEY: Not including last financial year you have sold 20,000-plus properties for about \$9.1 billion?

Mr NEWMAN: Yes.

The Hon. DANIEL MOOKHEY: How many more are you planning to sell in the next 12 months?

Mr NEWMAN: Property NSW does not have a whole-of-government asset sales target. The reason for that is there are a number of significant agencies who have their own asset sales programs for which we are not responsible. If I take you to the numbers, Family and Community Services, which is Land and Housing Corporation, sold approximately 4,000 individual dwellings over the period you are referring to. That is all recycled back into social housing. The industry department sold approximately 7,000 properties and 6,600 properties were sold by Department of Planning and Environment which, as I referred to in my earlier answer, is probably Landcom.

The Hon. DANIEL MOOKHEY: I accept that you do not have a target but do you have a forecast?

Mr NEWMAN: Yes. For Property NSW we do indeed have a forecast.

The Hon. DANIEL MOOKHEY: What is it?

Mr NEWMAN: We have a forecast of at least \$300 million of properties to be sold by Property NSW from its own balance sheet and on behalf of other agencies. We currently have in our pipeline up to \$500 million but at any point in time some of those—

The Hon. DANIEL MOOKHEY: Is the duration of that pipeline for the next 12 months?

Mr NEWMAN: That is for the next 12 months, yes.

The Hon. DANIEL MOOKHEY: Do you do the forecast on a yearly or forward estimates basis?

Mr NEWMAN: We have three-year forecasts but, as you will appreciate, the further time you go out when you try to forecast asset sales the greater an uncertainty it becomes.

The Hon. DANIEL MOOKHEY: Do not tell the Treasurer. What is the three-year forecast?

Mr NEWMAN: It is not a forecast, it is a pipeline.

The Hon. DANIEL MOOKHEY: What is the three-year pipeline?

Mr NEWMAN: It is approximately \$1 billion.

The Hon. DANIEL MOOKHEY: So \$9 billion has been sold so far, with another forecast \$1 billion to go in the next three years?

Mr NEWMAN: As I said, it is not a forecast, it is a pipeline.

The Hon. DANIEL MOOKHEY: It is a \$10 billion pipeline in general?

Mr NEWMAN: No, it is a \$1 billion pipeline; \$9 billion of assets have been sold.

The Hon. DANIEL MOOKHEY: Through the pipeline?

Mr NEWMAN: Yes.

Mr VICTOR DOMINELLO: Can I just put that into broader context?

The Hon. DANIEL MOOKHEY: Please. I am waiting for you to do so.

Mr VICTOR DOMINELLO: Your inquisition was so good I wanted to hear it out. It is in the context of \$142 billion worth of assets that we have. Let us not forget that the asset recycling—

The Hon. DANIEL MOOKHEY: Roughly 10 per cent of the Government's asset base has been sold in the past six years.

Mr HOFFMAN: Ten on 140 is not 10 per cent.

The Hon. SCOTT FARLOW: What is \$4 billion between friends?

The Hon. DANIEL MOOKHEY: It is approaching that.

Mr HOFFMAN: With generous rounding.

The Hon. DANIEL MOOKHEY: To be fair, my maths education was under a Liberal Government, so you cannot blame me.

The Hon. SCOTT FARLOW: I think that is incorrect. You went to school at the same time as me.

The Hon. DANIEL MOOKHEY: Primary school.

The Hon. SCOTT FARLOW: You can blame Bob Carr for that.

Mr VICTOR DOMINELLO: We also focus on increasing the size of the pie. On our side of the House we are good at not just divvying up the pie to make it fair all round but also increasing the size of it. Since 2011 we have had a 40 per cent increase in the size of the pie.

The Hon. DANIEL MOOKHEY: You know that a pie that increases in size is mouldy.

Mr VICTOR DOMINELLO: We can slice the metaphor whichever way you like.

The Hon. DANIEL MOOKHEY: I am looking at the property register cluster, which says that in financial year 2015-16 the Government sold 162 Department of Education properties. It also sold 141 in the previous financial year. In total, since your Government came to office, you have sold 384 Department of Education properties. That is all very interesting except for the fact that we have a massive capacity constraint in the education system and schools are facing an inability to develop. In addition, the Government itself has acknowledged a need for massive intervention in order to make sure there are enough schools and properties for kids to learn in. What steps have you taken to make sure that the selling of 384 properties out of the Department of Education has not jeopardised the department's ability to meet its requirement to provide kids with an education?

Mr VICTOR DOMINELLO: As Mr Newman indicated, these are properties that have been deemed by the Department of Education to be surplus to their needs and therefore they then come across to our agency. I remember that in my own backyard it was a Labor Government that sold off Peter Board High School and it was a Labor Government that decommissioned Smalls Road.

The Hon. DANIEL MOOKHEY: The Department of Education is now in the market buying back properties. Is it buying those properties back through Property NSW or doing it directly?

Mr VICTOR DOMINELLO: I did not hear the question.

The Hon. DANIEL MOOKHEY: The Department of Education is embarking upon a land acquisition process. Your Government has set up a different planning process for it to do so. Is the logistics of land acquisition being undertaken by the department or by Property NSW?

Mr NEWMAN: The general policy is that Property NSW is the agency that is responsible for acquisition and sales on behalf of all government agencies.

The Hon. DANIEL MOOKHEY: Mr Newman, can you assure us that the Department of Education is not going to be buying back property that you already sold?

Mr NEWMAN: If I could complete the answer, as a general rule we do buy and sell properties on behalf of the Department of Education. The Department of Education has recently set up its own infrastructure delivery program. In some cases where agencies have core capability and capacity and it is a core part of their business—like Transport for NSW—to undertake, for example, compulsory acquisitions or disposals sometimes we agree with them that they can do it. In the case of the Department of the Education, that is currently under review. I cannot sit here and give you a guarantee that the Department of Education may not need to buy back any asset that government has previously sold in the past, but I can tell you that the way the department generally works is that it looks to identify and recycle often parts of surplus and under-utilised sites and then it uses those proceeds to go and buy new sites for schools.

Mr JUSTIN FIELD: I know properties owned by the Government are often transferred from other agencies to Property NSW. How many would have been transferred in the last financial year?

Mr NEWMAN: I would need to take that on notice.

Mr JUSTIN FIELD: Minister, going back to Land and Property Information, you mentioned that if the step-in powers were exercised you would have access to the code and the infrastructure and you obviously have the legislative tools to step in. But where do the people come from? They work for a private operator now, so who is going to operate LPI if the Government is forced to step in?

Mr VICTOR DOMINELLO: Who is going to operate LPI?

Mr JUSTIN FIELD: Who is going to run the service? If the employees now work for the private operator and the Government has to step in, what guarantee do you have that you have access to those staff to operate the service?

Mr VICTOR DOMINELLO: As Mr Hoffman said previously, in those receiver-type situations the receiver or the liquidator or wherever the case may be would still have access to the employees.

Mr JUSTIN FIELD: But this is skills based. You cannot compel someone to work for government. One big concern raised in the debate was the knowledge drain from the public sector to private operators. They might transfer from New South Wales to other States or to other countries and those skills will disappear. Remember, it might be a hostile takeover. What guarantee do you have that the Government will have the people and skills available to it to step in and operate the service?

Mr VICTOR DOMINELLO: I will let Mr Hoffman go to the detail of that.

Mr HOFFMAN: I make the same point, based on the analogy of a receiver coming in: It is the management change—that leadership change—that you make. The Office of the Registrar General is retaining a core skill set—they have to in order to be a good regulator and policy owner—sufficient to do that. You would expect that in the worst-case, last-resort scenario of a step-in, the operating staff would remain there, wanting to continue to work and to continue being paid, et cetera. That is how the situation would be managed.

Mr VICTOR DOMINELLO: That is what normally happens in those types of situations.

Mr JUSTIN FIELD: Is there a requirement for the private operator to report to the Registrar General any data security issues or data breaches? Are there protocols in place for that to be passed to the Registrar General, and what is that?

Mr VICTOR DOMINELLO: Yes.

Mr JUSTIN FIELD: What is it? Is it an automatic notification? Is it part of the monthly briefings that are conducted?

Mr HOFFMAN: It is certainly part of the monthly briefings but it is also done, as I said before, in real time. It is one of the information matters that is required to be reported in real time.

Mr JUSTIN FIELD: With respect to the skills that have been retained by the Registrar General's oversight team, has he got data security experts within his team to be able to check that what is being reported is accurate? If a data breach or security breach is reported can the team go in and do an audit or have some sort of oversight?

Mr HOFFMAN: That expertise is not directly within the Office of the Registrar General, but the broader department has invested, over the last year, in increasing its capabilities in this area—both in a dedicated chief information security officer for the department, who is a member of the ICT oversight committee of the LPI, and also in hiring Dr Maria—

Mr VICTOR DOMINELLO: Milosavljevic.

Mr HOFFMAN: Thank you, Minister. I did not do quite as well there as I did with Mr Mookhey earlier. She is the whole-of-government chief information security officer. She and her team have also been involved already in discussions about the LPI. We are certainly putting a lot of focus—increased resources and expertise—on precisely this point.

Mr JUSTIN FIELD: Do you anticipate that landowners or land purchasers will need insurance beyond the Torrens Assurance Fund—land titles insurance?

Mr VICTOR DOMINELLO: No.

Mr JUSTIN FIELD: This was one of the other big issues that was discussed publicly.

Mr VICTOR DOMINELLO: I know.

Mr JUSTIN FIELD: If you see an operator, whether it be the current private operator or another insurer, out there spruiking land titles insurance in New South Wales and scaring people into making this purchase, which is what we have seen in other jurisdictions, will you step in, take action and ensure that people are not ripped off?

Mr VICTOR DOMINELLO: I would definitely, absolutely be raising that with Minister Kean. I would find that very sharp practice indeed. In response to my first answer: There is no need for insurance. That State underwrites this. There is no need for insurance. If somebody were to go into the marketplace and, as you said, scare people into taking out unnecessary insurance, I would take a very dim view of that.

Mr JUSTIN FIELD: Just to confirm, there is no legislative barrier to someone selling that sort of insurance product in New South Wales.

Mr VICTOR DOMINELLO: It would be very sharp practice. Indeed, I would take a very dim view of it.

Mr JUSTIN FIELD: There is no law against it, right?

Mr VICTOR DOMINELLO: If you give me an example of where that is taking place—we do not write legislation for legislation's sake—and there is a failure in the market in that sense, please let me know, because I would take a very dim view of that.

Mr JUSTIN FIELD: This has happened with other insurance products before.

Mr VICTOR DOMINELLO: Please, if you have an example—

Mr JUSTIN FIELD: I will keep an eye out, no doubt, but we have seen, time and time again, that it takes a lot of people to be impacted before governments step in with respect to dodgy insurance products.

Mr VICTOR DOMINELLO: Let me give you this insurance. If there is somebody—a "cowboy", if you will—who wants to try to prey on vulnerable people on a false premise, please bring that to my attention, because I will be taking a very hard line on that.

Mr JUSTIN FIELD: I will indeed. I appreciate the answer, Minister. I am not sure whether this question sits with you; tell me if I am wrong. Do you have a breakdown of how much it cost to ready the LPI for sale—the separation of the information technology systems and—

Mr VICTOR DOMINELLO: I do not have that detail. I understand the Treasurer would have that.

Mr JUSTIN FIELD: I will ask the Treasurer. I would like to move on to advertising in public spaces, particularly on government-owned assets—train stations, trains, other public transport infrastructure and other buildings. How is that managed? If someone wants to advertise on a government building or advertising space on a government-owned service is there a central body that coordinates that? Is there a central body that sells advertising space on government buildings?

Mr HOFFMAN: Mr Field, I can assist a little, I think. It is an agency-by-agency responsibility. So Transport, which is by far the biggest source of that sort of advertising—as you said, it goes across buses, trains and stations et cetera—is responsible for that line of business as a source of revenue to assist in running the assets in the first place.

Mr JUSTIN FIELD: Is whatever they raise their revenue?

Mr HOFFMAN: Correct. That is my understanding. Of course, I am not speaking for the Transport portfolio.

Mr JUSTIN FIELD: In the agencies under your direction, Minister, there are buildings. I assume there will be some advertising on them. How does that work? Are there any protocols or procedures around that?

Mr NEWMAN: I might just add to that answer. The situation I can see arising is that Property NSW is responsible for all office accommodation for all government agencies. So Property NSW will generally be the lessee of that office space. In practice, it then subleases to the relevant agencies who occupy the space. Consistent with the answer from Mr Hoffman and the Minister, in circumstances where an agency or a department chose to advertise on an office building—a space that it occupied—that would continue to be the responsibility of that department and that agency, although we may well be the lessee of that site.

Mr JUSTIN FIELD: Minister, you are jointly responsible for part 3 of the Gaming Machine Tax Act, I believe. Is that the case?

Mr VICTOR DOMINELLO: Yes, that is my understanding.

Mr JUSTIN FIELD: What are your responsibilities under that part?

Mr VICTOR DOMINELLO: I do not have the Act in front of me.

Mr JUSTIN FIELD: That is okay. It is in relation to rates of taxation. I assume if there were any suggested changes to the Act, you would have joint sign-off on that, with the Minister for Racing.

Mr VICTOR DOMINELLO: I would have to check the Act. It has been a while since I looked at that Act.

Mr JUSTIN FIELD: You would be happy to know that the Government is forecasting quite an increase in gaming taxes over the next few years.

Mr VICTOR DOMINELLO: Okay.

Mr HOFFMAN: As a general principle, the responsibility for the setting of tax rates rests with the Treasurer and/or the Minister with primary carriage of the Act. Minister Dominello's responsibility comes in respect of Revenue NSW and its function is to collect revenue rather than set the particular rates. So that is a general principle about the allocation of responsibilities.

Mr VICTOR DOMINELLO: For example, in relation to the recent stamp duty variations for foreign investors for land tax, the Treasury sets the rates; we collect them.

Mr JUSTIN FIELD: So you collect gaming taxes?

Mr VICTOR DOMINELLO: It goes through Revenue NSW.

The CHAIR: I would like to follow up on earlier questions. I was asking about the green slip and the impact it had on the taxi industry. Obviously they are very happy because there has been a reduction. What has been the reaction from Uber? Have you had discussions with Uber's headquarters in the United States?

Mr VICTOR DOMINELLO: I have had a number of discussions with Uber and the other providers. Obviously, without disclosing too much, I do not think they wanted a change to the status quo, but they realised that the Government was committed to making sure we had a fairer and level playing field. They acknowledged that the changes that we will bring about would do that. I think it is fair to say that they did not particularly want it but they realised that it was the will of the Government to make sure we had a fairer playing field.

The CHAIR: I assume the Uber drivers pay that green slip, and not the headquarters at wherever it is in America.

Mr VICTOR DOMINELLO: It would be Australian based. We are leaving it to Uber to undertake that itself.

Ms DONNELLY: The owner of the vehicle is accountable for the payment of the green slip.

The CHAIR: Is Uber increasing the percentage of its take from the higher green slip payment? Is there any change in the relationship with Uber?

Mr VICTOR DOMINELLO: Not to my knowledge. Ms Donnelly, do you know anything about that?

Ms DONNELLY: Not to my knowledge. We could take that on question on notice.

The CHAIR: It may be commercial in confidence or something but would you please take that on notice?

Ms DONNELLY: Happy to.

The CHAIR: **Mr VICTOR DOMINELLO:** We will take that question on notice. If I can find out the information I will provide it to the Committee.

The CHAIR: Earlier a number of questions were asked about workers employed in India. Did you quote any number as to how many workers are employed in India?

Mr VICTOR DOMINELLO: Did you have the figures?

Mr HOFFMAN: I did not give a specific number but I undertook to Mr Mookhey to give that information in response to a question on notice.

The CHAIR: Could you give a general percentage of the total number of employees—2 per cent, 5 per cent or more?

Mr VICTOR DOMINELLO: I have a figure here that 30 per cent were offshore.

Mr HOFFMAN: That was the figure that the Treasurer had previously spoken to. Mr Mookhey was outlining the history in the answer given last year. It was less than that and the explanation was around the start-up cost or start-up work and we were trending back to meet that commitment. I have undertaken to give an update on the progress towards that.

The CHAIR: Could you give an estimate of what the financial savings would be to the Government by having employees in India rather than in Sydney?

Mr HOFFMAN: I am happy to give an estimate, as previously has been done, in financial savings for the overall GovConnect outsourcing transaction.

The CHAIR: What is it?

Mr HOFFMAN: I am happy to take that on notice and give a considered and precise answer.

The CHAIR: What are the duties of the people employed in India? Are they basically call centres?

Mr HOFFMAN: Some of them are effectively call centre or support centre operations when a staff member here has a problem, and others are clerical, processing-type roles.

Mr VICTOR DOMINELLO: Mr Chair, I wanted to double-check an answer I gave to Mr Field but what I said was correct.

The CHAIR: There is no change.

Mr VICTOR DOMINELLO: No change.

The CHAIR: Returning to the issue of the properties that the Government is selling, you said a certain amount has been reinvested in social housing, which was one of the main arguments for doing it. Can you tell us what amount of the money has been invested in social housing? Has it been invested?

Mr NEWMAN: Yes, I can. The comment was in relation to the Millers Point sales program. The total asset sales for the Millers Point sales program were \$422 million as at 30 June this year. All of that money, that capital, goes back to the NSW Land and Housing Corporation and is reinvested in new social housing.

The CHAIR: Has it in fact been invested in social housing?

Mr NEWMAN: The NSW Land and Housing Corporation and the Department of Family and Community Services are responsible for the delivery of social housing. I understand that they have a program of investment in roll-out at the moment. I also understand they have a current report available on their website. I am not aware, and it is really a matter for that department, as to the status of that roll-out.

The CHAIR: You are no doubt aware that there has been some controversy as to whether the Sirius building, rather than being sold, should be retained and used for social housing, which is why it was built in the first place. What is the present situation with the Sirius building?

Mr NEWMAN: Mr Chair might recall that the heritage Minister made a decision not to list Sirius house for heritage. That was appealed—I am sorry, the Government is currently appealing the court's decision that the Government reconsider its decision to list Sirius house. So as it stands at the moment the matter remains with the heritage Minister as to whether to list Sirius house. As far as we are aware, the heritage Minister has not yet made a decision or has not yet informed us of any decision to list Sirius house. Our role is to provide advice to and act on the sale of Sirius house should the Government make a decision to sell Sirius house. What we are doing is continuing work to assess the Government's options in relation to that asset. At the moment, because we have uncertainty as to whether or not that asset will in fact be listed as a heritage asset, we are continuing to look at both options—that is, if it is listed and if it is not listed.

Mr VICTOR DOMINELLO: We have lodged a notice of appeal, which is essentially a holding appeal. As Mr Newman has said, we are awaiting the decision of the heritage Minister in relation to Sirius house.

The CHAIR: You appear to be indicating that the building is not suitable to be occupied so is the plan that it will be demolished?

Mr VICTOR DOMINELLO: Subject to what decision the heritage Minister makes, yes.

The CHAIR: Then you would sell the vacant land.

Mr NEWMAN: It may be demolished. Just to be clear, the heritage Minister has not made a decision yet. Once the heritage Minister makes a decision we will then make a determination. If the building is listed for heritage obviously it cannot be demolished. If the building is not listed, we would help the Government to determine what its strategy is to sell the asset. There are a number of different ways and options in relation to how you may sell that asset. One option is for the Government to make a decision to demolish the site, assuming it is not listed, and sell the vacant site. The other option is to sell the building and the site as is and then transfer the responsibility for the redevelopment of that site to the proponent. Again, I reaffirm that the Government is yet to make a decision as to which of those paths it will take. That is one of the things that we will do as part of the process in assessment of those alternatives should a decision be made on heritage.

The CHAIR: If it was not heritage listed the new owner could demolish the building and put a skyscraper on the site?

Mr VICTOR DOMINELLO: Again, as Mr Newman has said, it would be subject to what decision the Government makes. We are playing hypotheticals here but I can give very strong assurance to the Chair and the Committee that if—and there are a number of ifs—we got to that point it would be very sympathetic to the current skyline. I cannot give away too much but if we got to that point you will not see a skyscraper there.

Mr NEWMAN: If I could just add to that, Minister?

Mr VICTOR DOMINELLO: Yes.

Mr NEWMAN: Again, it is two ifs—if it is not listed and if the Government decides to sell one of the next things we will also consider when we are assessing the sale strategy is whether or not sell that building with a stage one development application approval. If the Government makes that decision one of the things that would do is dictate the bulk, scale and height of that structure. That is one of the options we will consider and provide advice to the Government on once a decision is made.

Mr VICTOR DOMINELLO: I want to give the Committee some level of comfort that I cannot envisage a situation where you would see a skyscraper there because from my personal perspective it would not be sympathetic to the current curtilage of that area.

The Hon. DANIEL MOOKHEY: Resuming our dialogue about the sale of properties by the Department of Education, on notice are you able to provide a list of the school properties that have so far been sold, the local government areas in which they were located and their proximity to a currently operating New South Wales school?

Mr NEWMAN: I think we will need to take that on notice because that really is a matter for Education. Previously they have kept confidential asset sales. We will need to take that on notice and refer that to the Department of Education as well.

Mr HOFFMAN: I think that is right, Mr Newman. Rather than us taking it on notice, it would be appropriate for that question to be directed to the education Minister.

The Hon. DANIEL MOOKHEY: Given that the properties have already been sold, what is the relevance of confidentiality to any of this?

Mr VICTOR DOMINELLO: I am sorry, I misunderstood. Did you ask what properties are in the pipeline?

The Hon. DANIEL MOOKHEY: No, what properties have been sold.

Mr VICTOR DOMINELLO: Or ones that have been sold?

The Hon. DANIEL MOOKHEY: No, no—the ones that have been sold.

Mr VICTOR DOMINELLO: Has the Minister for Education already fronted before the Committee?

The Hon. DANIEL MOOKHEY: No. To be honest with you, we find ourselves in an unsuccessful dialogue with them in which they say talk to you and you say talk to them, all of which is why we might just ask both of you. So I am just asking you, on notice, what properties currently are forecast for sale, for which as I understand there would be confidentiality attached to that.

Mr VICTOR DOMINELLO: Yes.

The Hon. DANIEL MOOKHEY: But for properties already sold, I am asking for those by numbers, listed by local government area, and by proximity to schools. You might not know the proximity to school bit,

but I am sure you can tell us about the rest, given that you do maintain a list, or you seem to maintain the numbers. You seem to have counted.

Mr NEWMAN: I apologise: I am not trying to be difficult here, but our role is actually to act on behalf of the Government and the Department of Education in relation to asset sales. It really is a matter for the Department of Education as to whether or not they choose to disclose that level of detail.

Mr VICTOR DOMINELLO: Yes.

The Hon. DANIEL MOOKHEY: Minister, is there ever a circumstance when it is acceptable for an employer to steal the wages of an employee?

Mr VICTOR DOMINELLO: No.

The Hon. DANIEL MOOKHEY: You would agree with me that the act of wage theft is abominable.

Mr VICTOR DOMINELLO: I am sorry?

The Hon. DANIEL MOOKHEY: Wage theft is a moral crime, apart from also probably a legal crime.

Mr VICTOR DOMINELLO: Theft is a crime.

The Hon. DANIEL MOOKHEY: You would agree with me that of course in addition to the employee suffering a loss, the Government suffers a loss as well when wages are stolen.

Mr VICTOR DOMINELLO: Yes. That would apply to any employer-employee situation.

The Hon. DANIEL MOOKHEY: You would agree with me that particularly for the New South Wales Government when an employer is stealing the wages of an employee, they are probably also not paying payroll tax on the basis of the stolen component of the wages. That is correct?

Mr VICTOR DOMINELLO: Subject to the circumstances—yes, sure.

The Hon. DANIEL MOOKHEY: I am sure you share the repulsion of everybody when you read the conduct of companies like 7-Eleven, Domino's and Caltex, among many others, whose massive wage theft scandals have come to public attention in the past 12 months.

Mr VICTOR DOMINELLO: Yes. I think there is a general sense of public—disquiet probably is not a strong -enough word—but deep concern, yes.

The Hon. DANIEL MOOKHEY: Of course, you have an obligation that is above and beyond the ordinary citizen in respect of these wage theft scandals, do you not?

Mr VICTOR DOMINELLO: To the extent of what?

The Hon. DANIEL MOOKHEY: Making sure they have paid their payroll tax.

Mr VICTOR DOMINELLO: Okay. Now I see the angle. Yes.

The Hon. SCOTT FARLOW: It took a while for Mr Mookhey to get there.

Mr VICTOR DOMINELLO: Yes.

The Hon. DANIEL MOOKHEY: What steps have you taken to investigate 7-Eleven, Domino's and Caltex, among all the other companies that have been alleged to have engaged in wage theft—and, incidentally, have been proven to have engaged in wage theft, and that have admitted to have engaged in wage theft?

Mr VICTOR DOMINELLO: Yes.

The Hon. DANIEL MOOKHEY: What steps have you taken to make sure that, in addition to paying recompense to those employees, all those companies have met their obligations under New South Wales payroll tax?

Mr VICTOR DOMINELLO: In relation to the specifics of the case, I will defer to Ms Wood.

Ms WOOD: Yes. I have not got to hand any information on those specific organisations that you mentioned, but in terms of our generic steps for payroll compliance we have conducted more investigations and field audits into high-risk revenue streams.

The Hon. DANIEL MOOKHEY: How do you define a high-risk revenue stream?

Ms WOOD: We take a number of criteria into consideration. I would have to take on notice to get you exactly what those criteria are.

The Hon. DANIEL MOOKHEY: Do you agree with me that perhaps 7-Eleven, Domino's, Pizza Hut and Caltex certainly on the surface appear to be a high-risk revenue stream?

Ms WOOD: They would appear to be, yes.

The Hon. DANIEL MOOKHEY: And you would agree with me of course that, given the level of public scrutiny that has been attached to them by the Fair Work Ombudsman, the Australian Senate and, for example, the Victorian Office of State Revenue and its equivalents, it is fair to say that you have had reasonable notice that perhaps there is cause to be suspicious about these companies and their payroll tax compliance.

Ms WOOD: Yes.

The Hon. DANIEL MOOKHEY: Why, then, have you not done anything?

Ms WOOD: I would have to look into the specifics of those but there are only 7 per cent of companies that are registered for payroll tax in New South Wales.

The Hon. DANIEL MOOKHEY: Sorry?

Ms WOOD: Only 7 per cent of companies in New South Wales are registered for payroll tax, so it depends quite often on where the organisation is headquartered. I would have to look into those specifics.

The Hon. DANIEL MOOKHEY: But with 7-Eleven, Domino's, Pizza Hut and Caltex, we are not talking about the corner shop here. We are talking about pretty big operations.

Mr VICTOR DOMINELLO: It depends where it is registered, though.

Mr HOFFMAN: Mr Mookhey, as you know quite well, the complexities of the situation are around the interface of franchisees and the franchisor relationship and, as you know very well—because you are interested in this topic for a genuine reason—part of the complexities here are: Where does the responsibility lie between the franchisee, who is the employer of record of many of these people, and the head organisation?

The Hon. DANIEL MOOKHEY: I do not dispute that, Mr Hoffman. I do not dispute that at all but for the very reason that you have just mentioned—that these things are complicated—perhaps one agency that ought to be diving into the complexity is the agency that is responsible for collecting the tax. I am not asking whether or not it is complicated; I understand it is very difficult. I am asking: What have you done to assess the complexity? What have you done to assess whether or not these companies should be registered and whether or not there is a liability that is outstanding that applies? Do you have officers who are investigating them?

Mr HOFFMAN: Mr Mookhey, as I was saying or as I was meaning to say, and as Ms Woods said, we are very happy to take that on notice and give you information about the specific three cases that you have mentioned.

The Hon. DANIEL MOOKHEY: Four cases.

Mr HOFFMAN: I apologise. Four? You might just as them again, for the record.

The Hon. DANIEL MOOKHEY: 7-Eleven, Domino's, Pizza Hut and Caltex.

Mr HOFFMAN: I was simply making it clear for the record that it was not as simple as the questioning, firstly, to assume that those four companies were the employer of record of all the staff who were not paid fully.

The Hon. DANIEL MOOKHEY: I was not trying to overly simplify matters. I was merely asking that, given that we have had multiple examinations of these things, it might be the case that these companies are not liable and it might be the case that therefore it is a matter of public interest because people reasonably would ask whether maybe they should be paying payroll tax. They are big operations that are making lots of money. Maybe we should be looking at our payroll tax laws. I was not getting into that debate. It is a pretty straightforward question: What has the Office of State Revenue been doing to make sure that that is at least checked?

Mr HOFFMAN: Thank you for clarifying that and, as I said, we are very happy to give you specific information on that question.

The Hon. PETER PRIMROSE: Minister, I have a couple of questions relating to the school cleaning contracts. Can I confirm that the contract currently is being renegotiated now?

Mr VICTOR DOMINELLO: Yes.

The Hon. PETER PRIMROSE: When do you expect that that contract will commence?

Mr VICTOR DOMINELLO: From memory, it is 1 July next year.

The Hon. PETER PRIMROSE: In the ambit of the negotiations, is it the Government's expectations that you will achieve a 30 per cent saving as per the KPMG report on this issue?

Mr VICTOR DOMINELLO: We are hoping to realise some efficiency for the New South Wales taxpayer, yes.

The Hon. PETER PRIMROSE: Are you expecting to be able to implement the recommendations of that KPMG report?

Mr VICTOR DOMINELLO: We are moving more broadly from the current model, which is based on a per hourly rate or basis, to an industry benchmark, which is based on a per meter usage, and that seems to be more—as I said, it is an industry benchmark and it makes more sense in 2017.

The Hon. PETER PRIMROSE: If you achieve that, do you expect to make a 30 per cent saving as per the KPMG report?

Mr VICTOR DOMINELLO: That is what the report says.

The Hon. PETER PRIMROSE: So that is a yes?

Mr VICTOR DOMINELLO: It is what the report says. As I said, we are moving to industry benchmarks.

The Hon. PETER PRIMROSE: That is the aim of the negotiation?

Mr VICTOR DOMINELLO: No. The aim of the negotiation is to move to industry best practice.

The Hon. PETER PRIMROSE: Is industry best practice reflected in a 30 per cent saving from what the current contract is?

Mr VICTOR DOMINELLO: That is what the report says.

The Hon. PETER PRIMROSE: Can you tell me the average amount of time spent cleaning each public classroom in New South Wales?

Mr VICTOR DOMINELLO: No, I cannot.

The Hon. PETER PRIMROSE: Can one of your officers do so?

Mr VICTOR DOMINELLO: If anybody can; otherwise we will take it on notice.

Mr NEWMAN: No. We would need to take that on notice.

Mr VICTOR DOMINELLO: We are happy to take that on notice, Mr Primrose.

The Hon. PETER PRIMROSE: You are currently engaged in negotiations without having that very basic amount of information?

Mr VICTOR DOMINELLO: No. I said we would take it on notice. I did not say we do not have it. I just do not have it here, so we will take it on notice.

The Hon. PETER PRIMROSE: And none of your senior officers know that?

Mr HOFFMAN: We are involved in a tender process rather than a specific negotiation process at this point in time, just to clarify the precise actions we are undertaking at the moment.

The Hon. PETER PRIMROSE: Confirming as part of that tender process, you have information relating to the average time that is taken to clean a classroom in New South Wales at the moment?

Mr HOFFMAN: As the Minister said, we are happy to take that on notice and confirm back to you.

The Hon. PETER PRIMROSE: I appreciate that you will take it on notice. Regardless of the actual figure, my question is: as part of your tender process you would be aware that there is a figure?

Mr HOFFMAN: There may or may not be a figure because it depends if it is defined by classroom or by the total school, how you account for the other areas in the school that are not classrooms but still have to be cleaned et cetera, et cetera. It is not as simple as saying there is a number that is in existence today across the whole State for the time basis for cleaning each and every classroom. I am happy to check that precisely.

The Hon. PETER PRIMROSE: I welcome your providing that information. It has been reported widely in the media that the average time is around six minutes. Does that sound fair to you?

Mr HOFFMAN: I could not comment, I am sorry.

The Hon. PETER PRIMROSE: If the KPMG saving of 30 per cent is achieved, then that would go down to a little over four minutes. Can you comment on that?

Mr HOFFMAN: I think that is a simplistic way to think about the savings. But, as before, I cannot comment on that.

The Hon. PETER PRIMROSE: If there was a reduction in the amount of funding, 30 per cent available, and that led to a reduction in the amount of time available to cleaners to clean school classrooms, what process do you use to determine what is a reasonable amount of time in relation to your tendering? What is a reasonable time, as part of your tender, for a cleaner to do an ordinary general classroom?

Mr HOFFMAN: I think as the Minister has previously said, the commitment to maintain standards is a central part of the tendering process that we are going through. There is not a suggestion that savings are achieved by reducing standards of cleanliness in the classrooms.

The Hon. PETER PRIMROSE: So you would give an assurance that there would be no reduction in the amount of time available to cleaners under this process?

Mr HOFFMAN: I said a commitment that there is no reduction in the standard of cleanliness. We care about the outputs, the results.

The Hon. PETER PRIMROSE: Will you give that commitment that there will be no reduction in the cleanliness and infection control in classrooms?

Mr HOFFMAN: That is certainly my understanding of the way the tender has been set up. We are not seeking to reduce cleaning standards in education across New South Wales.

The Hon. PETER PRIMROSE: Do you agree with that, Minister?

Mr VICTOR DOMINELLO: Yes.

The Hon. PETER PRIMROSE: Absolute concurrence that there will be no reduction in the amount of cleanliness and there will be no reduction in the amount of infection and other controls that are made available as per the current standard of the contract?

Mr VICTOR DOMINELLO: We are moving to industry benchmarks and best practice and that is why the industry has moved that way.

The Hon. PETER PRIMROSE: I appreciate that. I am simply suggesting as an aspiration, given that you are tendering—

Mr VICTOR DOMINELLO: It would be an aspiration for every government, regardless of their political colour, to have that.

The Hon. PETER PRIMROSE: So there will be no reductions in the cleanliness or infection control in classrooms?

Mr VICTOR DOMINELLO: Absolutely. We are not moving to an industry benchmark if the industry benchmark produces poorer outcomes.

The Hon. PETER PRIMROSE: Will you take up the shadow Minister's challenge to attend a school, put on some cleaning gear and try to clean a classroom in six minutes?

The Hon. SCOTT FARLOW: A Clayton stunt, of course.

The Hon. PETER PRIMROSE: I notice you are laughing, Minister.

Mr VICTOR DOMINELLO: I was not aware of the challenge.

The Hon. SCOTT FARLOW: Clayton is laughing.

Mr VICTOR DOMINELLO: If it is a school in my backyard, yes, of course. Why not?

The Hon. PETER PRIMROSE: You will take it up?

Mr VICTOR DOMINELLO: I am more than happy to visit a school. I love visiting schools.

The Hon. PETER PRIMROSE: Visiting a school, okay. What about four minutes? Would you be happy to go and clean a classroom in four minutes?

Mr VICTOR DOMINELLO: I do not have the training or expertise to do that type of activity.

The Hon. DANIEL MOOKHEY: Can you guarantee that the people who are going to be performing this contract after you complete the tender are going to have the skills and expertise, which you do not, to complete this work?

Mr VICTOR DOMINELLO: I imagine that would be one of the requirements under the tender process.

The Hon. PETER PRIMROSE: Can I just clarify for the record, Minister, do you or do you not accept the challenge to go and clean a classroom? Just so we are clear on this.

Mr VICTOR DOMINELLO: To do it within a time frame, no, because you are expecting me to do something that I do not have the requisite skills or expertise to do. Quite frankly, even if I accepted a challenge it would be a challenge that I would not succeed in because they are far better than me.

The Hon. DANIEL MOOKHEY: Clayton certainly is.

Mr VICTOR DOMINELLO: Clayton is probably faster than me.

The Hon. PETER PRIMROSE: And they certainly have to do a lot of classrooms every day.

Mr VICTOR DOMINELLO: Ask my staff, I am a bit of a clean freak, so I will be there for a long, long time.

The Hon. DANIEL MOOKHEY: Minister, have your agencies or Treasury ever prepared any advice to sell Service NSW?

Mr VICTOR DOMINELLO: Sorry, what was that?

The Hon. DANIEL MOOKHEY: Has your agency or Service NSW ever prepared any advice for you to sell Service NSW?

Mr VICTOR DOMINELLO: Let me just answer it this way: we will not be privatising Service NSW.

The Hon. DANIEL MOOKHEY: Leasing?

Mr VICTOR DOMINELLO: No.

The Hon. DANIEL MOOKHEY: Franchising?

Mr VICTOR DOMINELLO: No.

The Hon. DANIEL MOOKHEY: Concessions?

Mr VICTOR DOMINELLO: No.

The Hon. DANIEL MOOKHEY: Anything?

Mr VICTOR DOMINELLO: No.

The CHAIR: The Minister has answered the question. We will move on to Mr Field.

Mr JUSTIN FIELD: I have a couple more questions on LPI. How much money is in the current assurance fund?

Mr VICTOR DOMINELLO: I would have to check with the secretary.

Mr HOFFMAN: Give me a moment. I might be able to get that for you.

Mr JUSTIN FIELD: I am happy for you to take these on notice if that is easier: Are there any current claims on the fund?

Mr VICTOR DOMINELLO: Again I would have to take that on notice.

Mr JUSTIN FIELD: This is a question I am sure you will have thought about: If there is a claim that is a result of an error by the operator, a private operator, are there provisions under the concession agreement or any other arrangements that the fund can claim back those costs from the private operator?

Mr VICTOR DOMINELLO: From memory, yes. I remember reading the concession deed at the time and I do recall those provisions. They are just not in front of me now, but I do have a recollection of that.

Mr HOFFMAN: It is very much the case.

Mr JUSTIN FIELD: There would be an investigation into what had occurred and there would need to be an agreement as to where the fault lay—

Mr VICTOR DOMINELLO: I do remember reading it; I just do not have the details in front of me. It was quite mechanical in terms of how it would proceed and how there would essentially be a clawback against the operator. I can get the details.

Mr JUSTIN FIELD: Is that a process that is public? I imagine if it is in the concession deed it probably is not at the moment. Is that process able to be made public?

Mr VICTOR DOMINELLO: I am not sure.

Mr HOFFMAN: No, it is part of the concession deed. But, as you suggested, Mr Field, there is nothing magic about it; there is that commitment that errors will be compensated and the Office of the Registrar General would seek to exercise its powers under those clauses of the concession deed.

Mr JUSTIN FIELD: There might not be anything magical in writing but when it comes to the nub of an issue and you have got to work out who is responsible, that is a bit tougher obviously. Are there any caps on what clawback could be reached or agreed or made?

Mr VICTOR DOMINELLO: I do not have a recollection of that detail, but I can take that on notice if you want.

Mr JUSTIN FIELD: That would be much appreciated. I wanted to ask a couple of other questions about your role in holding certain revenues. Do you have a role in the collection or holding of the mine rehabilitation security deposits?

Mr VICTOR DOMINELLO: Yes—or does that go through the board? I will take that on notice.

Mr HOFFMAN: We are just trying to be helpful as we go, Mr Field. There are both deposits that currently active mines have to make through their licences with the people within the mining department, which is in the Department of Industry; there is then also the mine subsidence arrangements—

Mr JUSTIN FIELD: I am not talking so much about mine subsidence.

Mr VICTOR DOMINELLO: I thought you meant the subsidence one, sorry.

Mr HOFFMAN: That is the Department of Industry, and they will hold those funds.

Mr JUSTIN FIELD: They collect and hold them?

Mr HOFFMAN: Yes.

Mr JUSTIN FIELD: I am not sure whether this concerns you as finance Minister, but the Auditor-General has made clear that the department thinks that there are insufficient moneys in those funds at the moment for claims for rehabilitation or for rehabilitation to occur in the future. Does it concern you as finance Minister for the State that we are not holding sufficient funds to rehabilitate mines? What role would you have in trying to correct that imbalance?

Mr VICTOR DOMINELLO: Again, I would leave that to the Minister for Primary Industries.

Mr JUSTIN FIELD: Someone might like to point out that the Auditor-General does not think there is enough money in the fund and work out where to find some more, essentially from the mining companies. Minister, in the last financial year, how many properties have been acquired under the Land Acquisition (Just Terms Compensation) Act?

Mr HOFFMAN: We can get you the total number. Again, I note that it is administered by each acquiring agency rather than being done centrally by one agency, be that us or any other agency. Each acquiring agency authorised under the Act is responsible for their acquisitions, but as to the total number across the government we are happy to provide.

Mr JUSTIN FIELD: That is something that you would collect and ultimately would have the information; is that correct?

Mr HOFFMAN: We can certainly provide that information, yes.

Mr JUSTIN FIELD: That would be useful. Please also provide how much that has cost the Government and how many were as a result of WestConnex.

Mr VICTOR DOMINELLO: Please repeat your question.

Mr JUSTIN FIELD: How many properties have been acquired in the last financial year under the Act, and how much is that cost to government? How many are a result of WestConnex?

Mr VICTOR DOMINELLO: How many are whole-of-government and how many are WestConnex?

Mr JUSTIN FIELD: And how much the acquisitions have cost. Going to your department now, how many positions have been made redundant in the last financial year?

Mr HOFFMAN: It is 409.

Mr JUSTIN FIELD: Do any of the roles that have been made redundant still exist, and has any of those roles been replaced with contract workers or outsourced?

Mr HOFFMAN: No, the nature of redundancy is that the roles are restructured and they are not required. Unfortunately, that is the situation that results.

Mr JUSTIN FIELD: How many full-time equivalent positions in the department are performed by outsourced workers or contract workers? Do you have that information?

Mr HOFFMAN: The number of contractors as opposed to public servants? No, I do not, but I can easily get that for you on notice.

Mr JUSTIN FIELD: If you could, that would be great.

The CHAIR: I have a general question in regard to property. Is there an approximate number for the total amount of government office space in New South Wales? I am getting to how much of that office space is vacant.

Mr NEWMAN: Yes, there is approximately a million square metres of space leased by the New South Wales Government across the State. That is in approximately 2,000 separate sites. The vacancy across the whole portfolio is less than 1 per cent.

The CHAIR: That is very good. Would eliminating that 1 per cent be virtually impossible?

Mr NEWMAN: Yes, we are constantly moving agencies, departments and people.

Mr VICTOR DOMINELLO: How has that tracked over the last four years? Do you have some figures before and after?

Mr NEWMAN: Yes.

The Hon. DANIEL MOOKHEY: Why don't you ask a question, Minister?

Mr VICTOR DOMINELLO: Once a lawyer, always a lawyer.

The CHAIR: I am happy to ask a question about the comparison.

Mr NEWMAN: The actual vacancy is 0.81 per cent as at 30 June this year. The vacancy performance over the last couple of years, I would need to take on notice.

The Hon. DANIEL MOOKHEY: Now you know how we feel.

Mr NEWMAN: I am not sure I need to take it on notice. It is a technicality as to whether the question came from the Minister.

The Hon. SCOTT FARLOW: The Minister will be asking you later.

Mr VICTOR DOMINELLO: I just remember seeing it at some point and that the before and after figures were interesting.

The CHAIR: It might have been much higher under the previous Government; is that what you are saying?

Mr VICTOR DOMINELLO: Indeed.

The Hon. DANIEL MOOKHEY: Minister, has there been any dialogue between Service NSW and the Treasury Commissioning and Contestability Unit in the past 12 months?

Mr VICTOR DOMINELLO: I am happy to ask Mr McMaster to answer that.

Mr McMASTER: Yes, there has been one brief meeting with that group.

The Hon. DANIEL MOOKHEY: What was the purpose of that?

Mr McMASTER: I think it was just a meet and greet when they first announced that unit and they explained what they were actually doing. It went for about an hour; I cannot recall too many other details.

The Hon. DANIEL MOOKHEY: Who attended it from Service NSW? Were you there?

Mr McMASTER: Yes.

The Hon. DANIEL MOOKHEY: Was the Chief Executive Officer of Service NSW present?

Mr McMASTER: I believe not.

The Hon. DANIEL MOOKHEY: Who from the Treasury Commissioning and Contestability Unit attended? The director or other senior people? I do not need the names, just the positions.

Mr McMASTER: Yes, there were the two senior people in those roles.

The Hon. DANIEL MOOKHEY: What did they explain their role to be?

Mr McMASTER: They explained it quite well at the time, but I cannot recall exactly what that is at the moment.

The Hon. DANIEL MOOKHEY: On notice, are you able to provide us the date of that meeting?

Mr McMASTER: I can find that out, yes.

The CHAIR: Can you take that on notice?

Mr McMASTER: Certainly.

The Hon. DANIEL MOOKHEY: The Treasury Commissioning and Contestability Unit is the unit of Treasury that is designed to figure out what government services are suitable for either outsourcing or sale. Was that the purpose of the meeting?

Mr McMASTER: If that is their role then that is what the meeting was about.

The Hon. DANIEL MOOKHEY: Are you aware whether the unit—

Mr HOFFMAN: If I could just add, the characterisation of CCU activities as just outsourcing and sale is narrow.

The Hon. DANIEL MOOKHEY: To be fair, that is their characterisation that they provided to us in a separate parliamentary inquiry.

Mr HOFFMAN: That they are all about outsourcing and sale?

The Hon. DANIEL MOOKHEY: As they describe it, it is their purpose to administer the sale and lease of government assets, the design of outsourced models, and to provide the Government with strategic advice as to other options that are available for public service delivery. Perhaps that is the catch-all we are looking for. Let us go through the three purposes of the CCU. Was the dominant purpose of your meeting with them sale, outsourcing or alternative provisions of public services?

Mr McMASTER: I cannot recall. Those two topics would have been mentioned. I think that the vast majority of the meeting was about what Service NSW did, because they did not have a broad understanding of that. It was really a very high-level initial meeting as to what we did and where we could fit in with them in terms of what they were doing. But there was nothing specific or a way forward determined.

The Hon. DANIEL MOOKHEY: Minister, has the department undertaken any market soundings for the sale, lease, outsourcing, privatisation, concession—the full litany of the ways that this Government describes those transactions—for State Archives and Records NSW?

Mr HOFFMAN: Yes, there was.

The Hon. DANIEL MOOKHEY: When was that market sounding undertaken?

Mr HOFFMAN: Either late calendar 2015 or early calendar 2016, from memory.

The Hon. DANIEL MOOKHEY: Why was it subjected to market sounding?

Mr HOFFMAN: Let us be very clear, we are referring not to the core records and archives function but to what is called the Government Records Repository, the GRR, which provides a commercial service to

agencies in competition with private sector providers. It is the commercial or private sector equivalent service and, as part of the normal course of good administration, some initial work was done in consideration as to whether government should remain in that business or a private sector provider.

The Hon. DANIEL MOOKHEY: Who commissioned the work? Was that the department's initiative or was it at the direction of the Government at the time?

Mr HOFFMAN: It is rare that the department runs off and does that sort of stuff by itself. That was fully and properly done with the responsible Minister of the time, Minister Perrottet.

The Hon. DANIEL MOOKHEY: How was the market sounding undertaken? What was the method?

Mr HOFFMAN: Simply put—if you want more detail I will have to take it on notice—there were discussions with a range of current and potential private sector companies that are involved in the equivalent services.

The Hon. DANIEL MOOKHEY: Did you retain a consultant to undertake those discussions or did the department do them directly?

Mr HOFFMAN: I cannot recall the answer to that. I will take it on notice.

The Hon. DANIEL MOOKHEY: Perhaps on notice you could provide, in addition to my specific questions, a general description as to what, how and when it took place?

Mr HOFFMAN: I would be happy to do that.

The Hon. DANIEL MOOKHEY: What was the outcome of that?

Mr HOFFMAN: I was about to answer that exact question, Mr Mookhey.

The Hon. DANIEL MOOKHEY: What was the outcome of the market sounding?

Mr HOFFMAN: That there was no case to proceed.

The Hon. DANIEL MOOKHEY: Has the Government accepted that advice?

Mr HOFFMAN: Yes.

The Hon. DANIEL MOOKHEY: Could the Government rule out outsourcing, privatising or leasing State Records, or that part of State Records that you just described? That is a question for the Minister

Mr VICTOR DOMINELLO: Yes.

The Hon. DANIEL MOOKHEY: Minister, how many people are working in the Office of State Revenue [OSR] compliance team?

Ms WOOD: No, I do not have that to hand. I will have to take that on notice. There are a number of compliance units.

The Hon. DANIEL MOOKHEY: Can you outline on notice the number of compliance units, their names, their purpose, the number of staff as well as the money provided?

Ms WOOD: I can talk about the money.

The Hon. DANIEL MOOKHEY: I am sure you would love to. Let us talk about that. As a percentage of moneys that OSR deems outstanding, what are the collection rates up to now?

Mr VICTOR DOMINELLO: Do you want that on notice?

The Hon. DANIEL MOOKHEY: Yes, do it on notice. In respect to— [*Time expired.*]

The CHAIR: That brings us to the conclusion of our examination of estimates for the department. We thank staff for their attendance and their cooperation in providing the answers to our questions.

(The witnesses withdrew)

The Committee proceeded to deliberate.