

Budget Estimates 2017: Minister for Finance, Services and Property

Questions taken on Notice – 4 September 2017

1. 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?

ANSWER

Yes. In their response to the tender, St Hilliers provided relevant information concerning any findings of dishonest, unfair, unconscionable, corrupt or illegal conduct.

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

ANSWER

Six

Mr NEWMAN: There were at least three.

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

ANSWER

No.

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.

ANSWER

STAGE 1 – EXPRESSION OF INTEREST

A. Proposal to Deliver Concept Masterplan Objectives – 20% weighting

The Proponent's demonstrated commitment to and ability to deliver, the Concept Masterplan objectives, including a consideration of:

- demonstrated innovation and understanding of Concept Masterplan objectives;
- how the Proponent is proposing to deliver the Concept Masterplan objective; and
- Indicative timing of delivery of Concept Masterplan components.

B. Delivery of Mixed Use Commercial Building – 30% weighting

The Proponent's:

- demonstrated commitment to, and understanding of, the delivery of the Mixed Use Commercial Building as described in the DA; and
- Provision of program key milestone dates.

C. Price, Incentives and Security – 20% weighting

The Proponent's:

- total (\$/sqm) for the land with lease pre-commitment;
- rental range;
- incentives for pre-commitment to lease; and
- Security to be provided.

D. Capacity and capability to Deliver – 30% weighting

The Proponent's demonstrated capacity and capability to deliver, including:

- demonstrated capability to undertake (design, deliver and operate) projects of a similar scale and complexity;
- demonstrated capability to deliver an integrated fitout;
- development strategy, delivery approach and conceptual approach to design excellence; and
- Demonstrated ability or other evidence of ability on working co-operatively with the NSW Government.

STAGE 2 – REQUEST FOR TENDER

Proponent Authorisation – Pass/Fail

- Registration forms completed and signed
- Acceptance of acknowledgements; and
- Disclosure of conflicts of interests.

Meets Government Objectives – 10% weighting

- The overall proposal meets broader Government objectives for the site and Central Coast region.

1. Proposal to Deliver Concept Masterplan Objectives – 10% weighting

- innovation and understanding of Concept Masterplan objectives;
- demonstration of how the Proponent is proposing to deliver the Concept Masterplan objective; and
- indicative program of delivery of Concept Masterplan components.

2. Delivery of Mixed Use Commercial Building – 30% weighting

- understanding and commitment to lodged DA project;
- delivery of management strategy;
- ability to deliver an integrated fitout; and
- commitment to delivery timelines.

3. Financial Offer – 40% weighting

- price (\$/sqm) for the land with lease pre-commitment;
- structure of the payment to Government, including timing of and conditions (if any) associated with payment (s) for the land;
- the nature and value of any security offered by the Proponent to secure either payment or performance;
- lease commercial terms including incentives for pre-commitment to lease; and
- net indicative financial position of Government after land price, gross rental and rental incentives are taken into account.

4. Capacity to Deliver – 10% weighting

- financial status and viability of the Proponent to acquire and deliver the development of the site;
- the composition and experience of the proposed delivery team;
- level of understanding of and approaching to meeting Government construction related policy initiatives (e.g. Apprentices, Aboriginal employment opportunities, Small and Medium Enterprises (SME); Occupational Work Health and Safety (WHS); Building environment and sustainability (e.g. 5 star building);
- performance risk – minimising any risks associated with completion of the sale transaction and delivery of the requisite accommodation; and
- counter-party risk considerations, including the nature of the financial offer and terms, the proposed bid.

2. 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.

ANSWER

The Commonwealth procurement rules do not apply to the NSW Government.

3. 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.

ANSWER:

The NSW Procurement Board directed all NSW Government agencies on 31 March 2014 to ensure that their tendering processes require tenderers to provide information concerning any findings of dishonest, unfair, unconscionable, corrupt or illegal conduct against the tenderer, its directors or management. This direction is included in Procurement Board Direction PBD 2014-01 and remains current as of 11 September 2017.

4. 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.

ANSWER

I am informed that premium reductions had little to no impact on the reduction in the Workers Compensation Insurance Fund surplus between June 2016 and December 2016.

5. 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.

6. 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 taxi drivers.

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.

ANSWER (questions 5 and 6)

The Government is adopting distance based premiums for rideshare vehicles and taxis. It is proposed that rideshare vehicles will pay a standard Class 1 premium at registration plus an additional charge, based on 10 cents per fare-paying kilometre. The increase in premium will depend how many kilometres that the operator is using the vehicles for rideshare.

It is proposed that a similar system will apply to taxis, modified for the unique taxi operating environment, to ensure a level playing field between rideshare vehicles and taxis. During the transition to this new arrangement, all other things being equal, taxis and rideshare vehicles will pay the same premium for each fare-paying kilometre.

It is further proposed that there will be a common maximum premium for both rideshare and taxi operators. At 1 December 2017 this will be approximately \$6,500.

7. 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.

ANSWER

The issue of hire car plates falls within the portfolio responsibilities of the Minister for Transport and Infrastructure.

8. 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

ANSWER

Since the concession commenced on 1 July 2017 the Registrar General has met with the Minister's Office on two occasions. The Registrar General provides the Minister with a fortnightly update on progress with concession matters and the sector more generally.

The Land and Property Information NSW (Authorised Transaction) Act establishes a penalty regime that allows the Registrar General to enforce performance standards imposed on the operator.

Performance is monitored through clearly defined service levels, key performance indicators and obligations that ensure the security of the data.

The Operator must record sufficient data and provide an auditable record of its performance against all service levels to enable the Registrar General to verify the accuracy of the reports. The Registrar General has established a Joint Consultative Committee, which he chairs, involving the operator's Chief Executive Officer and Chief Financial Officer, along with the ORG's Director, Contracts and Regulation. This forum provides the ORG with strong visibility of what the operator is doing to maintain the security, integrity, performance and availability of the registers, assets and services.

The Director, Contracts and Regulation, ORG, chairs a separate Operations and Performance Committee (a sub-committee of the JCC), which has been formed to monitor and resolve issues affecting the delivery of land registry services.

The legislation and concession arrangements include robust step-in powers to ensure the integrity of the Torrens land register. These step-in powers can be exercised where there is a threat or a likely threat to the integrity of the register and will allow the Government to operate the business if this becomes necessary in emergency circumstances.

The Registrar General will also become aware of specific performance issues through the administrative review process included in the *Real Property Act 1900*. Any person dissatisfied with

a decision of the authorised operator can apply to the Registrar General for a review of that decision. The operator will be required to give effect to any decision of the Registrar General made as a result of a review.

9. 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.

ANSWER

The Department established the Vendor Management Office to oversee the contracts and the delivery of projected benefits. The Vendor Management Office currently employs 23 staff.

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.

ANSWER

376 Staff as at 31 August 2017.

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.

ANSWER

130.

10. 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.

ANSWER

This is covered within contract with Infosys and Unisys.

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.

ANSWER

This is covered within contract with Infosys and Unisys.

11. 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.

ANSWER

At the commencement of the contract, the service delivery model agreed to by the NSW Government and suppliers was 70% onshore and 30% offshore.

As at 31 August 2017, there are 269 FTE onshore and 130 FTE offshore (67% - 33%).

12. 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?

ANSWER

This information will be available in Property NSW's 2016/17 Annual Report.

13. 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.

ANSWER

This information will be available in Property NSW's 2016/17 Annual Report.

14. 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.

ANSWER

This information can be found on Property NSW's website.

15. 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.

ANSWER

This information can be found on Property NSW's website.

16. 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.

ANSWER

The total number of properties vested in the 2016-2017 financial year is 81.

17. 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.

ANSWER

Under the new distance-based premium arrangements, rideshare operators will be responsible for paying the per kilometre premium directly to the insurance company on behalf of the owner of the vehicle. It is a commercial matter for the rideshare operator as to whether they pass this cost onto the owner or not.

18. 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.

ANSWER

130.

19. 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.

ANSWER

Over a six-year period, based on estimates from the first six months of operation, the estimated direct economic benefit to the State, based on current consumption levels, is \$39.6M against the original business case of \$33.1M.

20. 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.

20 (above). 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.

ANSWER

This question should be referred to the Minister for Education.

21. 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.

ANSWER

Revenue NSW takes a targeted, risk-based approach to its payroll tax compliance activities to make the best use of resources and maximise public benefit.

Priority is given to high risk matters where:

- businesses have not voluntarily registered
- customers have understated their liabilities
- customers don't lodge returns on time
- non-compliant conduct is industry wide or likely to become so
- non-compliant conduct involves a significant new or emerging market issue

Our compliance program aims to minimise business disruption and red tape for the vast majority of businesses that do the right thing.

Our compliance program aligns to guidelines issued by the NSW Department of Premier and Cabinet (Guidance for regulators to implement outcomes and risk-based regulation July 2014), which promote using a risk-based approach to prioritise effort in assisting compliance, and identifying and enforcing instances on non-compliance. As it is not possible, or desirable, to audit every payroll tax customer, we use best practice principles to focus our efforts on areas of highest risk.

22. 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.

ANSWER

An employer is required to register for payroll tax where its total liable wages throughout Australia, including NSW, exceeds the threshold. If the employer is part of a group of related

businesses, they are required to register when the group's Australian wages exceed the payroll tax threshold.

The 2017/18 NSW threshold is \$750,000.

As payroll tax is assessed on wages paid or payable by an employer, there is no legal requirement on franchisors to advise Revenue NSW of their franchisees as they are not liable for any payroll tax that may be payable on wages paid by these independent businesses.

The onus is on the franchisee business to register if their wages exceed the payroll tax threshold. Typically the nature of businesses carried on by franchisees involves a small number of employees and most are usually under the NSW threshold. A liability will only arise where a franchisee operates a number of separate businesses, or is part of a group.

Where a business operating under a franchise arrangement is identified as potentially reaching the payroll tax threshold, either through data matching or exchange of information with other agencies, Revenue NSW reviews the franchising arrangements to determine if there is a liability. If the business operates across multiple jurisdictions, we work with all agencies involved to ensure compliance across all states and territories.

23. 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.

ANSWER

The cleaning contract is currently hours based set on historical resource allocations. There are no time allocations applied to clean any one room or building. The total cleaning hours allocated to any site covers classrooms, corridors, hallways, staffrooms, gymnasiums and common areas.

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.

ANSWER

Under the new contract Providers will quote a lump sum price per site, based on a transparent square metre rate. The responses will be analysed looking at metrics including hours tendered, productivity etc. This analysis is completed at an overall site level.

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.

24. 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.

ANSWER

As at 31 August 2017, the balance in the Torrens Assurance Fund is \$10.47 million.

Current claims on the Torrens Assurance Fund:

- 12 Administrative claims (under s 131 Real Property Act)
- 10 Litigated claims.

25. 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.

ANSWER

For applicants of a TAF claim the process remains the same as it was before the grant of the LPI concession. That is, all litigation that involves the Real Property Act or the Torrens Assurance Fund is taken against the Registrar General as nominal defendant. However, the *Land and Property Information NSW (Authorised Transaction) Act 2016* allows the State to seek compensation from the private operator for any liability that arises under the authorised concession arrangements. Under this power the Registrar General will seek damages from the private operator for all losses that result from a breach of the concession deed by the private operator.

26. 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.

ANSWER

The requirement for Acquiring Authorities to report biannually to DFSI on historical land acquisition was only enacted for the second half of last financial year, and is currently being compiled. Requests about specific projects should be directed to the relevant Minister.

27. 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.

ANSWER

As at 30 June 2017 – 1326

The introduction of Contractor Central across DFSI in 2017 has provided a consistent and structured process for the engagement of contractors, thereby giving greater oversight and visibility of DFSI's contingent workforce. The increased number of contractors is attributed to the significant increase in IT and innovation projects across various areas of DFSI, requiring highly specialised resources on a project basis. These roles are currently being resourced by a contractor workforce.

28. 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.

ANSWER

The vacancy rate for the Government's commercial owned office space portfolio managed by Property NSW and published in the Government Property NSW Annual Reports has tracked as follows:

1.3% for 2015/16

5.0% for 2014/15 2.5% for 2013/14 3.2% for 2012/13
--

29. 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.

ANSWER

On 11 November 2016, the Chief Financial Officer and the Executive Director, Customer Experience and Delivery at Service NSW met with the A/Executive Director and an Associate Director of the Commissioning and Contestability Unit to discuss the delivery of customer service through Service NSW's multi-channel network.

30. 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.

30. ANSWER:

A market sounding activity in relation to the Government Records Repository (GRR) was undertaken in March 2016. This activity was carried out as part of the broader review of the GRR. An options paper was initially sent to a number of companies on a confidential basis.

The options paper outlined a number of possible commercialisation options for the GRR, and asked the market participants to provide a submission on the options. The market sounding was carried out by Departmental staff.

31. 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.

ANSWER

1. Number of compliance units, their names, the number of staff and the money provided as at 30 June 2017.

Compliance Business Units	Teams	FTE	Recurrent Funding Received (\$M)	Revenue Identified (\$M)
Business Taxes	Payroll Tax Compliance	153	14.3	237.6
	Returns Compliance (Health Insurance Levy, Insurance Duty & Mineral Royalties)	12	1.2	
Land Tax	Land Tax Compliance	18	1.8	179.4
	Parking Space Levy Compliance	1		
Duties	Landholder Compliance	14	3.8	46.3
	Duties Investigations	6		
	EDR (Electronic Duties Returns) Governance	12		
	Duties and FHB (First Home Benefits) Audit	11		

2. Percentage of outstanding debt and collection rate

All of the previous questions relate to compliance. Those teams identified \$463m compliance revenue for FY16/17 (see last column of table above).

The average resolution rate for crown fines debt is 69.2% and 75.1% for tax debt.

In 2016/17 fines debt write off represented 4.7% of the total fines receivables and tax debt write off represented 3.1% of total tax receivables at 30 June 2017.

The remaining debt represents debt still subject to active collection activity.