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Social Impact Bond

Question

Is Warren Mundine's position on the NSW social Impact Advisor Group a paid position?

No. Positions on the NSW Social Impact Investment Expert Advisory Group (EAG) are not paid.

Question

When do you expect their deliberations to result in a report or a decision? What will happen?

The EAG members' role is advisory; they do not make decisions on social impact investment proposals or existing investments. The EAG provides expert insight to the Office of Social Impact Investment on growing the social impact investment market in NSW, including building awareness and capability.

Question

How many meetings has Mr Mundine attended?

Mr Mundine attended one EAG meeting. The meeting took place on 21 August 2018.

Question

Did Mr Mundine at any point in his disclosure that he made to the Australian Electoral Commission when he was a candidate for the seat of Gilmore disclose that he may or may not have been in receipt of remuneration from the New South Wales Crown?

Mr Mundine's position on the EAG is unpaid.

Page 9, 78, 79, 80, 120, 121 of Transcript

Vales Point transaction

Question

The question is around why the sale of the assets by the Government was done in a particular way that is not following other States. (page 9)

The sale of the electricity generation assets in other states occurred at different times and in different circumstances. The Government undertook a scoping study to establish the overall sales strategy considering the current and future risks and liabilities at the time.

Question

I want to take us back to the coal-fired power stations, in particular the sale of Vales Point. Under the Vales Point contract there is a reciprocal option—I do not know how familiar you are with it—that says that at the end of the life of the power station when it is taken off the grid there is an option for the owners of Vales Point to basically sell it back to the Government for \$1, and if it does not put that forward then the Government has the right to call it back for \$1. It is quite an unusual provision, I think. I have not seen it in any other energy sale transactions. What it looks like is basically this is not a sale, because it has been effectively sold for \$1 million to Trevor St Baker and Brian Flannery, and now it is going to be handed back for just \$1 at the end of its life. The Government has some form of notice on the property deed for the Vales Point site to inform people that it has an interest over that property. Two questions: How is it accounted for in the budget? And why do you think that strange reciprocal option arrangement was included in the sale? (page 78)

Currently it is disclosed as a contingent liability by the Crown Entity. It should be noted that although the arrangement is a put and call option, the Vales Point private sector operator must satisfy various obligations prior to the State accepting the transfer of the asset. The option arrangement was a commercial decision.

Question

You are not aware of the \$1 option? Sure, because it is unusual. I do not want you to guess, but would there be some obvious reasons for why it was done that way? (page 79)

This arrangement allowed the State flexibility in considering the potential future use of the site to the benefit of the region and the State.

Question

But it only applies if they have actually disconnected from the grid. If both of the units are decommissioned from the power plant then it applies. In that case, they are then required to rehabilitate the site and are liable for the whopper of a bill. (page 79)

If no option is exercised, the owner of the power station cannot make a claim in relation to the indemnities provided by the State under or in respect of liability for pre-existing contamination unless the claim is notified in writing to the NSW Government prior to the conclusion of the Operating Period.

Question

In relation to the rest of the sales, including Vales Point, now that we know that the State is liable for the ongoing remediation of any contamination that existed before those sales, have you had any events since those assets were sold where a purchaser has come to you to notify you of contamination events that the State is liable for? (page 79)

No, the State has not received any notice under the terms of pre-existing contamination indemnities for the coal-fired power stations sold between 2013 and 2015.

Question

Have any contamination events occurred in relation to Vales Point? (page 80)

The State is not aware of any contamination events at Vales Point power station since its sale for which the State is liable.

Question

If the contracts were the same as the ones for Vales Point and Eraring that would be the case and they would have notified you of the impending closure. That is when the State's liability would have kicked in, so it would have been obliged to do that if it was the same contract. (page 80)

The Vales Point sale contract has specific provisions around the put and call option arrangements. Those provisions include advice/notice of impending closure of the power stations. This specific provision requiring advice/notice is not duplicated in other sale contracts.

Question

About the Vales Point contract and transaction. One of the things that stood out was around the stamp duty treatment of that transaction. So under the enabling legislation for the asset sales there is a provision saying that the Treasurer has the ability to waive the stamp duty on a transaction. In the case of Vales Point, the documents that were returned—the public documents under the Standing Order 52 return—showed the Treasurer at the time, and I cannot remember if it was actually the Treasurer or the Premier at the time, had waived the stamp duty amount. But then subsequently the purchaser asked for the stamp duty amount to be included and to actually have that paid or netted off. Do you know anything about that and why that would be? (page 120)

The purchaser elected to include stamp duty in the total purchase price, and the purchaser paid duty as assessed by the Office of State Revenue in relation to the transaction.

Question

One of the other unusual things is that there is a statement in that contract that talks about ensuring that the commercial arrangements in relation to a particular aspect of operations, being the ash dam management, that the Government had at the time with external contractors be maintained by the new purchasers, presumably forever. It does not have any particular limitation on it. Is that a usual provision to have in one of these sorts of documents? (page 121)

This is a specific provision in the sale contract. The State wanted to ensure the long-term ash dam capping program which had been in place at the time of the sale continued under private ownership. The purchaser agreed to maintain a contractor to continue this ash dam capping program.

Page 9, 10 of Transcript

Eraring Power Station - baseline study

Question

So in the case of the Eraring Power Station, do you have a clear idea as to how much contamination the State is liable for versus the new operator? Was that baseline study done?

Yes, the Eraring Power Station baseline study was completed. The objective of the baseline study was to gather soil, sediment, surface water and groundwater data in order to assess the site's environmental conditions at the time of the transaction.

Page 22 and 23 of Transcript

Closure of Liddell power station - remediation

Question

What I am trying to get at is that knowing that hundreds of millions of dollars, the State will be liable for it, the closure of Liddell, if we knew it was going to close in 2022 why was there no provision made in the budget for 2022 and the following years to show the expense or at least a conservative estimate of the expense that the Government would have to make? I am talking about the rehabilitation costs, and again based on the Hazelwood experience we know it is hundreds of millions of dollars even on a very conservative basis, which again would make the budget look substantially worse if we knew that the State had to pay for that in 2022.

A provision for the closure of Liddell has been made by the Crown Entity. The actual cost to the State, if any, associated with remediating the Liddell power station site, only becomes applicable where a claim is made, for example where an authority order is issued (e.g. by the EPA) that relates to pre-existing contamination identified in a baseline study or additional contamination report. Hazelwood is not a reliable comparator with Liddell because the Hazelwood site includes a large coal mine.

Question

Treasurer stated: "AGL has allocated, from my understanding, and I will take this on notice, around \$900 million for the remediation of that site. But I can check that for you."

This question should be referred to the Minister for Energy and Environment.

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Eraring power station

Question

Does Treasury take an interest in managing that risk, given its liability if the ash dam was to break and that sludge was to come down? Is it involved with Origin in managing that risk? (page 24)

The safe and proper operation of the ash dam and associated infrastructure is the responsibility of Origin Energy. Origin Energy, as owner of the facility, is required to meet a range of regulatory requirements, including assessing and managing risk, and reporting to the Dam Safety Committee.

Question

Are you aware that between the recreation centre and the ash dam—where the toxic sludge would be flowing down—there are properties and a main road and that they were not shut down?

This question should be referred to the Minister for Energy and Environment.

Page 25-26 of Transcript

Coal royalties

Question

What is your medium- and long-term projections for coal royalties?

2019-20 Budget forecasts of coal royalties to 2028-29 were released as part of Standing Order 52.

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Coal industry closing in Hunter Valley

Question

Has Treasury got any speculation, forecast or knowledge about the dimension of industry and job replacement that would be required? In this State and in this country we have been lucky to avoid rust-bucket regions like in the United States, where de-industrialisation and closure of an entire region leads to economic and social disaster. How could we possibly provide 69,000 extra replacement jobs in the Hunter if coal was to close down?

The Hunter region has demonstrated resilience to structural challenges. High-level ABS employment data on the Hunter Valley (excluding Newcastle) show that in the 12 months to May 2019:

- there was an average of 13,800 people living in the Hunter Valley (excluding Newcastle) employed in the Mining Industry. This represents around 10.2 per cent of all employment for people living in the area.

Since May 2011, employment in the Hunter Valley (excluding Newcastle) has increased by around 16,200. Of this, approximately 17.5 per cent were in the mining industry.

The Government assisted with the development of Regional Economic Development Strategy in conjunction with a number of local councils in the Hunter.

NSW Treasury is developing an Economic Blueprint for the future of NSW South Wales. The Blueprint will present long-term strategies to deliver the next phase of economic growth.

However, as this question relates specifically to regional industry, it would be more appropriately directed to the Deputy Premier as the Minister responsible for Regional NSW, Industry and Trade.

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Drought

Question

Budget Paper No 1, page 2-4, there is a reference there which says "an expected recovery from drought". What is the basis of that statement?

Ms WILKIE: When we are looking at the recovery from drought or the expected time of a drought, we always use the Australian Bureau of Agricultural and Resource Economics and Sciences [ABARES]—we use their climate variation reports and the reports around drought and the expectations. At the time that we were doing the forecast for the budget, we would have been using the most recent ABARES reports to support that statement. I can try to work out exactly which report it was based on, the timing that that we would have used. I can take that on notice.

Refer to Budget Estimates 2019-20 Treasury Portfolio Hansard transcript page 82.

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Port of Newcastle - what is the number of ships or containers that come through the port

Question

What is the volume of the number of ships or containers that come through the Newcastle port?

This Question should be referred to the Minister for Transport and Infrastructure.

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Landcom - appointment of Mr Brogden

Question

Mr Pratt, I asked you a question, I think, in the last round about the appointment of Mr Brogden as the permanent chief executive of Landcom. It is correct, is it not, -that you and the Treasurer indicated that prior to the Treasurer signing the letter on 3 May

2018 there had been some discussions prior to that about the appointment. I think you mentioned that you had obtained some legal advice. When did you obtain that legal advice? Was it after the formal consultation letter reached the Treasurer's desk?

On 3 October 2017, Ms Suzanne Jones, the then-Deputy Chair of Landcom wrote to the Treasury Secretary regarding the proposed interim CEO appointment. This letter included external legal advice obtained by Landcom.

The Treasury Secretary, as part of reviewing governance arrangements, obtained in-house legal advice on 6 October 2017 in relation to the appointment of Mr John Brogden as the interim CEO of Landcom.

No additional legal advice was sought at the time of the permanent appointment.

Question

You did not source any external advice?

Treasury did not source any external legal advice on the interim or permanent appointment of Mr Brogden. As stated above, Treasury received the external advice provided to Landcom and engaged Treasury's in-house legal team to provide advice.

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Landcom

Question

In the submission by Ms Telfer to you—obviously there is a privileged version and there is a non-privileged version; I am referring to the non-privileged version—there is a number of annexures that are referred to. Annexures D, E, F and G were not produced to the upper House in answer to the call for papers, and in response to inquiries made by the Clerk of the Parliaments to the central agencies—I think the Department of Premier and Cabinet [DPC]—there has been no response as to why Treasury did not produce those documents. Can you tell us why Treasury did not produce those documents?

On 30 August 2019, in response to the correspondence received on 15 August 2019 from the Hon. Adam Searle, a letter was sent to Mr David Blunt, Clerk of the Parliaments from the Treasury Secretary indicating that the documents were not produced as they were assessed by Treasury as not being required for production under the terms of the order for papers.

Question

There have been inquiries made by the Parliament. When documents are produced to the House you can claim privilege, and you have done so over a substantial body of documents. But these are documents that have not been produced, at least as far as I can see. What answer do you have as to why you have not produced the documents to the Parliament?

As above these documents were deemed as not being required for production under the terms of the order for papers.

Home Building Compensation Fund

Question

Should icare give proper line of sight to what is actually happening with the HBCF - there is an obligation on icare to disclose what that accumulated deficit is so you can see that over the last decade there has been more than half a billion dollars kicked in? Do you not think that is appropriate?

The HBCF was created following the withdrawal of the private sector in 2010, with historic premium rates being insufficient to cover the claims and operational cost of the warranty product. HBCF enables builders to obtain warranty cover for projects, ensuring homeowners receive a level of protection for building defects that may emerge years after the completion of the construction.

icare publishes financial statements annually that capture the position of the Home Building Compensation Fund. The following table is published at page 220 of icare's Financial Statements for the 2017-2018 financial year:

	Notes	2018 \$'000	2017 \$'000
Assets			
Cash and cash equivalents	5.1	299,233	94,086
Trade and other receivables	2.3.10	33,830	24,298
Intangible assets	5.2	1,653	2,447
Total Assets		334,716	120,831
Liabilities			
Trade and other payables	2.3.11	8,263	10,336
Unearned premiums	2.3.7	324,158	277,361
Outstanding claims liabilities	2.3.1	149,064	147,771
Unexpired risk liability	2.3.7	288,554	166,183
Total Liabilities		770,039	601,651
Net Assets		(435,323)	(480,820)
Equity			
Accumulated Deficit		(435,323)	(480,820)
Total Equity		(435,323)	(480,820)

The accumulated deficit for 2017-2018 was \$435,323,000.

HBCF's annual accumulated deficit has been recorded in icare's financial statements since icare's inception in 2015.

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Workers Insurance

How many workers have now been forced out of the workers compensation system under section 39 because the five-year effluxion has passed?

For icare (Nominal Insurer and TMF only – this does not include self and specialised insurers), the following represents people who have transferred off the workers compensation system under section 39 per the 2012 legislative changes. icare has established a partnership with Uniting to deliver wrap-around, targeted community support services. These support specialists provide care, understanding and respect to workers who want further support as they transition.

1/9/2017 – 30/6/2018 - 3,648

1/7/2018 – 30/6/2019 - 561

1/7/2019 – 30/6/2020 - 349

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200,000 job projection over 20 years – Western Sydney Aerotropolis

Question

Where did the early days modelling come from, a 200,000 job projection over 20 years, which is three times bigger in half the time as Macquarie Park, which was obviously huge? Where did the 200,000 number come from initially, because it is used on a regular basis by the Government?

The creation of 200,000 jobs has been committed to by the three levels of government through the Western Sydney City Deal and over the next 20 years.

The Western City & Aerotropolis will be a world-leader in industry, food production and advanced manufacturing; delivering diverse, high value jobs and education opportunities and a national comparative advantage to Western Sydney. This will be realised through its three key precincts:

- *Advanced Manufacturing and Research Precinct*: delivering a new wave of skilled knowledge jobs in the space, aerospace and defence industries
- *Agribusiness Precinct*: delivering jobs supporting intense food production, pharmaceutical manufacturing and a 24/7 international freight and logistics hub
- *Northern Gateway*: delivering opportunities in tourism, retail and hospitality

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Parliamentary Budget Office

Question

When was the PBO making public announcements? When you say “public announcements”, what do you mean? Was he was providing media interviews?

‘Public announcements’ made by the Parliamentary Budget Officer refers to the Budget Impact Statements and Media Releases published by the PBO on the Parliament Website, <https://www.parliament.nsw.gov.au/pbo/pages/historical-material.aspx>.

Page 56-57 of Transcript

Income and employment forecasting

Question

Do you think that the disposable income for households in New South Wales would be different to the national average?

Answer

In 2017-18, the level of gross disposable income (per capita) for NSW was \$50,653. This compares to the national level of gross disposable income (per capita) of \$48,426.

Page 57, 58, 116 of Transcript

Employment data questions

Question

Also in that OECD report they talked about levels of employment and they note, as we have heard, that on paper certainly our employment levels are relatively low compared to the rest of the OECD countries but our level of underemployment is actually the highest among advanced economies. And we hear anecdotally—and I know there has been some research around this—a lot about people who have insufficient amounts of work, whether it is casual work or work in the gig economy or even just being counted as being employed even though they were only working a few hours a week. What do New South Wales’s underemployment levels look like? Do we have that data?

Refer to Budget Estimates 2019-20 Treasury Portfolio Hansard transcript page 93-94.

Question

When the Treasury is talking about employment data, how many hours a week do you need to be working to be counted as employed? Do you have any idea of what it is in New South Wales as to the trends?

Refer to Budget Estimates 2019-20 Treasury Portfolio Hansard transcript page 93-94.

Question

How many people working only one hour are included in our current employment figures, versus, say, 10 years ago and look at the trends.

Refer to Budget Estimates 2019-20 Treasury Portfolio Hansard transcript page 93-94.

Question

Are there any studies or is there any information on the changing nature of work in New South Wales? For example, in the United States there is a view that within the next 30 years 40 per cent of jobs will disappear as we currently know them. (page 116)

Two papers of Australian Research that reference the impact of automation on the NSW economy'

- A research paper by the Australian Government's Office of the Chief Economist from 2015 titled Mechanical boon: will automation advance Australia?
- A paper by Oxford Economics titled How Robots Change the World, what automation means for jobs and technology.

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Federal Financial Relations Review

Question

Mr Pratt, you mentioned earlier on the Federal Financial Relations Review, what level of co-operation has been forthcoming from the Commonwealth?

The NSW Treasurer has discussed the Review with the Commonwealth Treasurer after it was announced in the 2019-20 Budget. The Review will undertake consultations during the course of its work, and outreach to the Commonwealth will form part of this engagement.

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Port of Newcastle

Question

Did you warrant or provide any aspect of that deed that said that should any aspect of the deed be set aside, that there is a claim for compensation?

Subject to legal professional privilege.

Question

Have you sought any advice about whether or not a claim arises for any misleading or deceptive conduct on the behalf of the New South Wales Government, namely that you warranted to the market that the sale was in accordance with all laws?

Subject to legal professional privilege.

Question

The Treasurer's advance for 2018-19 was \$120 million. Is that correct?

Yes

Page 64-65 of Transcript

Light-rail, guarantee of the solvency of the Altrac consortium

Question

The two banks – were they not the Commonwealth Bank and the NAB?

Yes

Question

Why was such a liquidity guarantee required? What was Treasury told as to why it was required?

The Government provided a temporary guarantee to provide project stability during the resolution of outstanding disputes.

Question

Did the ALTRAC consortium pay the New South Wales Government anything in order to obtain a \$500 million guarantee?

This Question should be referred to the Minister for Transport.

Question

Is it the policy of the New South Wales Government, when you do provide such guarantees to private sector consortiums, that they pay anything? Or is this just another example of us effectively subsidising this project?

It is not uncommon for the Government to provide guarantees under a PPP contract.

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Remuneration packages

Question

What are the arrangements for the remuneration packages for Mr Hoffman, Ms McNally, Mr Cappie-Wood and the RMS CEO? (possibly liaise with The Public Service Commissioner)

The three (3) Secretary's remuneration arrangements are documented and publicly available in the 2018 Annual Determination-SOORT-Public Service Senior Executive.

Treasury does not have specific details regarding the remuneration package for the CEO of RMS. This question would be more appropriately directed to the Minister for Transport.

Could you obtain what the total remuneration packages are for those five positions, because the Treasurer did mention the job cuts?

Treasury does not have specific details regarding payments to these Secretary's and further questions would be more appropriately directed to the relevant Ministers.

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PAFA

Question

Under section 20 of the Public Authorities (Financial Arrangements) Act 1987, the Treasurer is required to provide his or her approval to any Minister or authority that enters into a joint financial arrangement. That is correct, is it not?

Under section 20 of the *Public Authorities (Financial Arrangements) Act 1987* (PAFA Act), authorities may enter a joint financing arrangement, on recommendation of the Minister for the authority, and with the written approval of the Treasurer. The *Government Sector Finance Act 2018* (GSF Act) replaced the PAFA Act on 1 December 2018. Under the GSF Act, joint financing arrangements must be approved by the Treasurer.

Question

What approvals has the Treasurer granted in the past two years?

Joint Financing Arrangements approved from September 2017 to September 2019, under the PAFA Act and GSF Act respectively.

Agency	Counterparty	Approval Date	Approval Under
Transport for NSW	ALTRAC Light Rail Partnership	30/05/19	GSF Act
Transport for NSW	Momentum Trains Pty Ltd	14/02/19	GSF Act
Roads and Maritime Services	WCX M4-M5 Link PT Pty and WCX M4-M5 Link AT Pty Ltd	14/12/18	GSF Act

Sydney Metro	Various	30/05/18	PAFA Act
Sydney Metro	NRT Pty Ltd	30/05/18	PAFA Act
Sydney Trains	Reliance Rail Pty Ltd	28/11/17	PAFA Act

Question

Can you describe the nature of the requests that arise?

A joint financing arrangement is any one of the following arrangements entered into by one entity (the principal entity) with another entity (the secondary entity), for the purpose of the exercise of the principal entity's functions and in respect of infrastructure or other capital assets:

- (a) An arrangement under which the secondary entity acquires assets (including by lease or purchase) from the principal entity, a third party or a combination of the two, and uses them for the exercise of a function of the principal entity,
- (b) An arrangement under which the secondary entity constructs assets and uses them for the exercise of a function of the principal entity.
- (c) An arrangement described in paragraph (a) or (b), coupled with a transfer or reversion of the assets to the principal agency,
- (d) Any other arrangement (or arrangement of a kind) prescribed by the regulations as a joint financing arrangement.

Page 66 of Transcript Workers Insurance

What are the criteria in EML's contract in relation to its entitlement to performance pay?

EML's performance is measured against three (3) Outcome Measures:

1. Operating Expense – comparison of the Actual Operating Cost to the agreed Expected Operating Cost
2. Net Promoter Score – based on the overall NPS score for EML and NPS for injured workers for EML
3. Return to Work – based on the proportion of injured workers that have a positive work status at 26 weeks and the proportion of injured workers that do not receive a weekly benefit at 26 weeks

These three (3) Outcome Measures directly affect EML's remuneration. EML's performance is also measured against the following Key Performance Indicators, although it is noted that these measures do not affect EML's remuneration:

Category	KPI #	Strategic Objective	Performance Metric
Customer	1, 2	Customer Advocacy	Customer Net Promoter Score (NPS)
	3, 4, 5	Commitment to Promise	Timeliness of Key Activities
	6	Commitment to Promise	MARC Response
People	7	Employee Engagement	Employee Net Promoter Score (eNPS)
	8	Employee Wellbeing	Turnover
	9	Professional Growth	Employee Compliance Training
	10	Recruitment	Personnel available and trained
Financial	11, 12	Cost of Claims	Expected Cost of Claims
	13	Claims Handling Cost	Operating Expense
	14 - 17	RTW Outcomes	RTW Rate
Operations & Return to Work	18 - 21	RTW Outcomes	Work Status Rate (At Work Rate)
	22	Minimum Standards	Defined minimum standards
	23	Quality	Quality Outcomes
Risk	24	Effectiveness	Internal control testing
	25	Quality	Audit/review findings
	26	Quality	Incident management

How many work complaints in relation to workers compensation has icare received in the past financial year?

The Workers Compensation Nominal Insurer has received a total of 1,084 complaints. This equates to approximately 2.6 per cent of active claims. The Treasury Managed Fund has received a total of 1,112 complaints. This equates to approximately 8.2 per cent of active claims.

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Workers Insurance

How many requests for surveillance does icare receive per month?

On average, the Workers Compensation Nominal Insurer receives approximately 19 requests for surveillance per month. This equates to approximately 0.5 per cent of active claims.

On average, the Treasury Managed Fund receives approximately two requests for surveillance per month. This equates to approximately 0.2 per cent of active claims.

The following table gives additional detail on requests for surveillance:

Month		Nominal Insurer	Treasury Managed Fund	TOTAL
August 2018	Received	26	1	27
	Approved	19	1	20
	Rejected	7 (1 withdrawn)	0	7
September 2018	Received	9	1	10
	Approved	5	1	6
	Rejected	4	0	4
October 2018	Received	18	1	19
	Approved	5	0	5
	Rejected	13	1	14
November 2018	Received	16	0	16
	Approved	6	0	6
	Rejected	10	0	10
December 2018	Received	18	1	19
	Approved	9	1	10
	Rejected	9	0	9
January 2019	Received	6	2	8
	Approved	3	2	5
	Rejected	3	0	3
February 2019	Received	16	8	24
	Approved	6	5	11
	Rejected	10	3	13
March 2019	Received	17	1	18
	Approved	15	1	16
	Rejected	2	0	2
April 2019	Received	15	0	15
	Approved	13	0	13
	Rejected	2	0	2
May 2019	Received	28	4	32
	Approved	24	2	26
	Rejected	4	2	6
June 2019	Received	28	0	28
	Approved	22	0	22
	Rejected	6	0	6
July 2019	Received	27	5	32
	Approved	16	4	20
	Rejected	11	1	12

August 2019	Received	21	4	25	
	Approved		15	1	16
	Rejected		6	3	9
TOTAL	Received	245	28	273	
	Approved		158	18	176
	Rejected		87	10	97

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Workers Insurance and Insurance for NSW

How many requests for surveillance has icare received for the Treasury Managed Fund per month for the past 12 months?

Please see table in the answer to the question from page 67 of the transcript. A total of 28 requests were received for the Treasury Managed Fund from August 2018 to August 2019 (inclusive). This equates to 0.2 per cent of active claims. Of the 28 requests, 18 requests were approved and 10 were rejected.

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Ministerial Services

Question

Does the parliamentary secretary receive assistance from the ministerial correspondence unit?

The Parliamentary Secretary receives a limited level of assistance from the Executive and Ministerial Services Branch in relation to his responsibilities for actioning and signing correspondence for the Treasurer pursuant to Part 4A of the *Constitution Act 1902* (NSW) and Standing Order 366.

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Risk rating

Question

What is the risk rating for Walsh Bay project, Sydney Modern & Sydney Powerhouse Museum?

This Question should be referred to Minister for the Arts or the Premier of NSW.

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Dust Diseases

How many dust diseases claims were received last year and for how many was liability accepted?

A total of 740 applications for compensation were received by the Dust Diseases Authority in the 2018/19 financial year. This number excludes requests for medical examinations only.

Of these applications received, 503 were lodged on behalf of workers, and the remaining 237 were lodged by dependents of deceased workers. In total, 428 claims for compensation were accepted. Of these accepted, 241 were for workers, and 187 were in respect of the dependents of deceased workers. Reasons for the denial of claims include that the exposure to hazardous dust did not occur in NSW, the disease was not caused by dust exposure or not covered in the 14 diseases listed in the legislation, or the level of impairment as a result of the dust disease was assessed as 0 per cent.

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Dust Diseases

What is the estimated total future liability for silicosis?

The future liability for silica related diseases is not explicitly modelled as part of the overall Dust Diseases Scheme liability valuation. PwC, as the independent external actuary for the Scheme, has estimated the total future liability for all dust diseases covered by the Scheme to be approximately \$1.9 billion as at 30 June 2019.

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Dust Diseases

What is the average cost to support a person with silicosis, who has been diagnosed and has had their liability claimed per person?

The average lifetime cost of claim for compensation for a worker with silicosis is approximately \$500,000 per worker (on an inflated and discounted basis).

1

How are you going in terms of the Victorians—in terms of benchmarking the average cost of care, in terms of medical care? What is the average cost of medical care that you are paying per year per patient?

Medical costs account for approximately 14 per cent of the total lifetime cost of silicosis claims, or approximately \$70,000 per claim. This equates to an average cost of medical care for a silicosis claim per year per patient of approximately \$3,000.

Mr DAVID SHOEBRIDGE: So there are 550 on contracts, and how does that compare to the number of employees at icare?

Mr NAGLE: We have about 850 permanent staff.

Mr DAVID SHOEBRIDGE: Mr Pratt, would that be a very high ratio of contractors to employees for a government agency?

Mr PRATT: I do not have those numbers to hand. I can take it on notice and get those for you?

icare employs 886 members of staff. There are 518 contingent workers currently contracted to icare.

Contingent workers have been core to delivering icare's transformation initiatives since icare was established in 2015. The number of contingent workers will decline as icare continues to move from transformation to operational phase.

icare

How many consultants or advisers from Deloitte are currently working on actuarial analysis for icare?

What are the monthly payments to Deloitte being made by icare?

icare does not currently have any consultants or advisers from Deloitte performing actuarial work for icare.

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Commissioning NSW

The Hon. DANIEL MOOKHEY: What kind of work is it currently doing with Transport for NSW, what projects? Is it involved or providing any advice in relation to the tender or the re-tender of any bus contracts? Has it provided any advice or undertaken any work specifically about region 7 of the bus contracts?

Answer

Commissioning NSW (CNSW) is not currently working on any projects with Transport for NSW. Any proposal for the tendering or re-tendering of transport contracts would be initiated

by Transport for NSW. Any proposals that are initiated by departments would be reviewed by Treasury as a usual course of Treasury's business.

Question

Under that [the Commissioning & Contestability Practice Guide] it says that the Treasury's executive has to approve the first step in the commissioning stage, which is a needs assessment. That is correct?

How often does Treasury executive meet?

Yes. It is in your guide. The terms are coming directly from this guide. Is there a Treasury executive that approves this, because the guide says that there is meant to be?

Sure. But has Treasury prepared any needs assessment in respect to any service in the past 12 months, which is the first step, according to your own guide?

The NSW Government Commissioning and Contestability Practice Guide (Guide) does not require Treasury Executive approval for needs assessments covered by the Practice Guide.

Relevant agencies retain responsibility for commissioning-related projects at various stages of the commissioning cycle. Commissioning NSW has supported and continues to support agencies across government on a range of commissioning-related projects.

Question

Has the unit or Treasury ever retained specific communication advisers for the then Commissioning and Contestability Unit [CCU]? Have you ever sought or hired any public relations advisers?

The contracts database says that Treasury paid the consultancy firm SenateSHJ \$117,000—granted it was not in the last financial year; it was the financial year prior—to provide the CC Unit with communication and engagement support. What services did SenateSHJ provide? I am asking you about it because that may have been the contract that led to you changing your name; I do not know. Are you aware of any of this?

The engagement was for specialised communications expertise during the establishment phase of the then CCU and in the development and roll out of the Policy and Practice Guide.

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Transaction

Question

What commercial negotiations are they currently involved in?

The Commercial Transactions Team has commenced a scoping study into a potential long term lease of the State's commercial softwood plantation business.

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Board of RRIPL

Question

According to which policy? It is a slightly unusual arrangement. What policy (or set process) are they subject to for the purposes of board remuneration?

The remuneration of RRIPL Directors follow the requirements set out in the Public Service Commission's (PSC) Classification and Remuneration Framework for NSW Government Boards and Committees.

Question

How often does the RRIPL board meet?

Since the sale, the Board of RRIPL has met approximately monthly.

Question

Are you able to provide on notice the meetings since its creation and the attendance of the directors at those meetings?

Meetings in 2018 were held in June, August, September, October, November, December and in 2019 were held in February, April, May, June, July and August. All directors were present in each meeting.

Question

What disclosures have arrived to Treasury from any State-owned corporation under the continuous disclosure regime in the past 12 months?

Under TPP18-02 – Performance Reporting and Monitoring Policy for Government Businesses, Government Businesses are required to make timely disclosure to Treasury of all material matters relating to its performance which might give rise to community concerns or affect the NSW Government's reputation or negatively impact Government's policy objectives.

State Owned Corporations continually disclose any material matters relating to the businesses. As per the requirement in TPP18-04, depending on the nature of the disclosure communications are either made during regular meetings with Treasury, by phone or in writing via email. It is therefore not possible to quantify the number of disclosures.

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WestConnex

Question

Treasury previously maintained a net present value model for WestConnex. Mr Gardner, I think we got this out in a previous parliamentary inquiry. Is that still the basis by which you value the State's residual interest in WestConnex? Is there a net present value model that you use or is it an internal rate of return model or is it a market price value? How do you value it? It is quite a significant asset. I will just say,

given that we sold a 51 per cent share for \$9.9 billion, mathematics would show that 49 per cent was valued—at least at the time of sale—at \$9.3 billion. What is it worth?

The remaining 49 per cent stake will be valued on an equity basis, taking into consideration STP's control of the WestConnex Group. The upcoming New South Wales Government 2018-19 Report on State Finances will report on the equity value of the Government's minority share of WestConnex in the investment in associates' section of the General Government balance sheet.

Question

What is the valuation cycle? How often do you check?

Each year as part of the Report on State Finances, the Government will report on the value of its equity investments in minority interests, including WestConnex, Ausgrid and Endeavour Energy.

Question

WestConnex is paying dividends. How much has been received?

As the residual share is held as an equity interest by the General Government, distributions revenue from the residual share of WestConnex is recognised as "Other Dividends and Distributions" in the General Government Operating Sector Statement. During 2018-19, the State received dividends of \$19.6 million from WestConnex.

Question

Are you now incorporating WestConnex dividends into future forecasts for dividends to be received for the purpose of the budget? Has that been applied for this budget? Can you get these numbers for us?

Where applicable, the Government includes dividends from its minority equity interests in the budget. Future forecasts from minority equity interests is commercially sensitive information.

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AASB

Question

Do you have any input into the AASB changes, just as a general stakeholder in the consultation process for those changes?

Mr MIDHA: We do not currently have anyone representing us on the Accounting Standards Board. We used to, but I think they have left. I can get back to you on if there is anyone else representing us.

NSW Treasury provides input into AASB proposed changes through consultation processes. Input is often provided through the Heads of Treasuries Reporting and Accounting Advisory Committee (HoTARAC), which comprises the senior accounting policy representatives of Australian State and Territory Governments and the Australian Commonwealth Government. New South Wales Treasury's Chief Financial and Operations Officer is the NSW member on HoTARAC.

Board members of the AASB are appointed by the Financial Reporting Council, a Commonwealth body responsible for overseeing the effectiveness of the financial reporting framework in Australia (except for the Chair, who is appointed by the Commonwealth Treasurer).

Note that although the current AASB Board membership includes a HoTARAC member, this should not be construed as representing HoTARAC's views: they are representing their own views which may be influenced by the views of HoTARAC.

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Budget process

Question

If you could identify those projects perhaps of greater than \$10 million that were approved in the budget but had not been through that budgetary process. (a full budget proposal)

All proposals for the Budget (including election commitments) are submitted by agencies via a Final Budget Proposal (FBP), within the Treasury Financial Management System (Prime) for consideration by Government.

In addition, some Budget proposals are required to be supported by Business Cases as outlined within the Treasury Circular TPP18-06 *NSW Government Business Case Guidelines*.

Prior to the 2019-20 Budget, election commitments were assessed and costed by the independent Parliamentary Budget Officer. It is anticipated that these commitments are informed by business cases (based on the size and complexity of the program/project) as they progress through detailed planning, design and delivery stages.

Further information on business case guidelines and the gateway assurance process is available on the Treasury Website.

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Pillar

Question

The contract itself does not establish any form of dispute resolution prior to the court stage?

The sale contract does not specify a form of dispute resolution.

Question

If Treasury were to enforce the deed of sale, it would have to be through litigation, presumably in the Supreme Court of New South Wales?

The State has the option of pursuing litigation to enforce contractual obligations.

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Green Bonds

Question

Whose responsibility is it to fulfil the requirements of the bond that are imposed on the Newcastle Light Rail? Is it the owner of the asset or the operator of the asset? Presumably they would have to utilise their contract chain with the operator in order to fulfil it, or do you know what?

The responsibility would be with the State (i.e. the delivery agency of the program/asset). Private sector operations are not included in the State's borrowing programme administered by the central borrowing agency, NSW Treasury Corporation.

The proceeds of the bond issuance only fund the consolidated funding component of each project and/or asset, therefore excludes PPP, Restart and other types of funding sources.

Question

What precisely is the private operator required to do, if anything?

Private sector operations are not included in the state's borrowing program administered by the central borrowing agency, the NSW Treasury Corporation, and have no further obligation outside their current operator agreement.

Question

How much of the \$1.8 billion that was raised was allocated to each of these projects?

Given the relative size differential of the projects identified, most of the bond is allocated to Sydney Metro Northwest (\$1,610m), with smaller allocations to Newcastle Light Rail (\$100m) and Sydney Water's Lower South Creek Treatment Programme (\$90m).

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Uber Tax

Question

It is a \$1.10 levy on every Uber trip you take. Do you know how much has been raised so far since it has been introduced?

This Question should be referred to the Minister for Finance and Small Business.

Question

The levy that is used as an industry restructure package for the taxis. I would like to know how much goes on the administration of the levy; how much actually goes on plates; how much the State Government has collected so far on it; and how long the State Government intends to have this levy in place?

This question should be referred to the Minister for Transport and Infrastructure.

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ESL modelling

Question

Were the recent changes to the ESL adopted on a cost-recovery basis to cover only the costs that were incurred as a result of the changes around psychological injury for firefighters? I am not sure if it is psychological injury, but the changes to injury definition for firefighters? Did you provide advice on the impact of that, or did you model it?

Did you model or provide any advice to the Treasurer?

In November 2018, amendments to the *Workers Compensation Act 1987* established presumptive rights to workers compensation benefits for firefighters who are diagnosed with one of 12 prescribed cancers. Under the workers compensation legislation both physical and psychological injuries of eligible firefighters are covered.

The Emergency Services Levy (ESL) covers aggregate operational cost of the three emergency service organisations: Fire and Rescue NSW (FRNSW), NSW Rural Fire Service (RFS) and NSW State Emergency Service (SES). The additional ESL costs due to presumptive legislation reflect higher workers compensation insurance costs of volunteer and permanent firefighters.

Treasury assessed and provided advice on the cost of presumptive legislation based on actuarial costs modelled by Insurance and Care NSW (icare), and information provided by impacted agencies FRNSW and RFS. As this is a relatively new legislation in the Australian context, there is very limited historical data.

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Powerhouse

Question

You are saying that the final business case for the Powerhouse has still not been completed?

A final business case was approved in 2018 for the Powerhouse development in Parramatta. A business case is being prepared for the Ultimo site.

Question

That is why I was having trouble with the word "final" because there is a business case in April 2018 which is called the "Final Business Case" for the Powerhouse, but that is not the final business case for the Powerhouse; there is another one that has been developed.

See answer to previous question.

Question

Did it comply with Treasury guidelines, the final business case that is currently on the public record from last year?

Treasury supported the government's response to the Public Inquiry, which notes that "the business case was adequate for government decision making".

Question

Could I ask you specifically to review the parts of the Treasury guidelines that effectively require the status quo to be assessed and considered as against any proposed change, and could I ask you whether or not those parts of the Treasury guidelines were complied with for the document that is on the public record from last year called the Final Business Case?

See answer to previous question.

Question

As best you can understand, has that so-called final business case complied with those parts of the Treasury guidelines?

See answer to previous question.

Question

Any reasonable review of that final business case makes it clear that it did not consider the status quo as one of the options, and given the status quo is one of the key criteria that must be assessed under your own Treasury guidelines, it cannot possibly be that that business case complied with Treasury guidelines. It cannot possibly be. Do you have any response to that? (page 116)

See answer to previous question.

Question

I will ask you on notice to advise which parts of the business case complied with that part of the Treasury guidelines. (page 116)

See answer to previous question.

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Forestry Corporation

Question

Has the New South Wales Government consulted with the Snowy Mountains council, given how utterly dependent their major townships and regional economy are on the softwood plantation reserve, before making this announcement? Whether or not either the Snowy Mountains Council and Oberon councils in particular, were consulted before the announcement.

Possible community impact will be assessed as part of the scoping study.

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Deloitte Touche Tohmatsu

Question

What precisely was that contract entered into for and what State-led commercial negotiation are we paying Deloitte close to \$500,000 to advise on?

This matter is Cabinet in Confidence.

Question

The law does require that you are meant to provide some meaningful information on the Treasury database.

What advisory services are they meant to be providing the Treasury to support a State-led commercial negotiation?

Did the Treasury enter into a contract with Piper Alderman to provide legal advisory services to support a State-led commercial negotiation? Was the value of the Piper Alderman contract \$352,000?

This matter is Cabinet in Confidence.