

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

**Thursday 5 March 2020**

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

## **FINANCE AND SMALL BUSINESS**

**The Committee met at 09:30.**

**UNCORRECTED**

### **MEMBERS**

The Hon. Robert Borsak (Acting Chair)  
The Hon. Ben Franklin  
The Hon. Rose Jackson  
The Hon. Taylor Martin  
The Hon. Daniel Mookhey (Acting Deputy Chair)  
Mr David Shoebridge  
The Hon. Natalie Ward

### **PRESENT**

**The Hon. Damien Tudehope, *Minister for Finance and Small Business***

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

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

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



**The ACTING CHAIR:** Welcome to the public hearing for the inquiry into budget estimates 2019-2020 further hearings. Before we commence, I acknowledge the Gadigal people, who are the traditional custodians of this land. I pay respects to Elders past and present of the Eora nation and extend that respect to all Aboriginals present. I welcome Minister Tudehope and accompanying officials to the hearing. Today the Committee will examine the proposed expenditure for the portfolio area of Finance and Small Business.

Today's hearing is open to the public and is being broadcast live via the Parliament's website. In accordance with the broadcasting guidelines, while members of the media may film or record Committee members and witnesses, people in the public gallery should not be the primary focus of any filming or photography. I remind media representatives that they must take responsibility for what they publish about the Committee's proceedings. The guidelines for the broadcast of proceedings are available from the secretariat. All witnesses in budget estimates have a right to procedural fairness according to the procedural fairness resolution adopted by the House in 2018.

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

Finally, I ask everyone to turn their mobile phones to silent for the duration of the hearing. All witnesses from departments, statutory bodies or corporations will be sworn prior to giving evidence. Minister Tudehope, I remind you that you do not need to be sworn as you have already sworn an oath to your office as a member of Parliament. I remind the following witnesses that they do need to be sworn as they have been sworn at an earlier budget estimates hearing: Mr Michael Pratt, Ms Joann Wilkie, Mr San Midha, Mr Philip Gardner and Mr Stephen Brady.

**MICHAEL PRATT**, Secretary, NSW Treasury, on former oath

**JOANN WILKIE**, Deputy Secretary, Economic Strategy and Productivity, NSW Treasury, on former affirmation

**SAN MIDHA**, Deputy Secretary, Policy and Budget, NSW Treasury, on former affirmation

**PHILIP GARDNER**, Deputy Secretary, Commercial, Commissioning and Procurement, NSW Treasury, on former oath

**STEPHEN BRADY**, Acting Small Business Commissioner and Chief Commissioner of State Revenue, Revenue NSW, on former oath

**CULLEN SMYTHE**, Commissioner of State Revenue, Revenue NSW, Customer Service, sworn and examined

**The ACTING CHAIR:** We hope today's hearing will be conducted from 9.30 a.m. until 12.00 p.m. with the Minister, and from 2.00 p.m. to 4.30 p.m. with departmental witnesses. There may be some variation on that during the day. As there are no Government questions in today's hearing, I declare the questioning open. We will start with the Opposition.

**The Hon. DANIEL MOOKHEY:** Good morning, Minister. Thank you for joining us again. Thank you to your officials as well for joining us this morning. I welcome Mr Smythe to the party as well. Minister, I want to start by talking about bushfires. Do you have an estimate as to the number of small businesses that have been directly fire impacted?

**The Hon. DAMIEN TUDEHOPE:** Your definition of "direct impact"—

**The Hon. DANIEL MOOKHEY:** Could you move the microphone closer?

**The Hon. DAMIEN TUDEHOPE:** The definition that has been adopted in relation to "direct impact" has generally been actually "fire damaged". There are 230,000-odd businesses located in regional New South Wales. A lot of those businesses have some sort of potential damage but the actual, direct fire impact is to about 2,300. I do not know, Mr Brady might have a more updated figure in relation to it.

**Mr BRADY:** I do not have a more accurate figure on it.

**The Hon. DANIEL MOOKHEY:** Minister, the Department of Industry's figures from 2018 to 2019 estimate that there are 129,017 small businesses in every local government area that has been disaster declared. It is not unfair to assume that we are talking about an effect that is in the order of at least thousands, if not tens of thousands. That is not unreasonable.

**The Hon. DAMIEN TUDEHOPE:** I accept that.

**The Hon. DANIEL MOOKHEY:** I am sure we will unpack this dimension further in Treasury budget estimates hearings, but in terms of the economic impact we have the NAB saying that 35 per cent of small or medium enterprises suffered a revenue downturn, that most small and medium enterprises lost at least five days of trade and that 60 per cent will be financing the recovery through their own cash or savings. I am assuming you would agree with me, Minister, that these bushfires have, indeed, been devastating for our small and medium enterprises.

**The Hon. DAMIEN TUDEHOPE:** I think that is incontrovertible.

**The Hon. DANIEL MOOKHEY:** I am going to be uncharacteristically generous in the spirit that we have—

**The Hon. DAMIEN TUDEHOPE:** Sure, sure.

**The Hon. DANIEL MOOKHEY:** —and allow you to provide us your own assessment as to how well you think the New South Wales government agencies are doing in terms of getting relief to small and medium enterprises.

**The Hon. DAMIEN TUDEHOPE:** Well, that is a very broad-ranging question and I am glad that you are giving me that opportunity to be expansive in relation to it.

**The Hon. DANIEL MOOKHEY:** Limited, not too expansive. Precise to the point, I do want to give you the opportunity to say how do you think it has gone.

**The Hon. TAYLOR MARTIN:** Then let him speak.

**The Hon. DAMIEN TUDEHOPE:** That is fine. There is a response on a number of levels by government in terms of the manner in which we have approached the bushfire recovery process. I will not start with the grants and loans packages that are available, but start with the first announcement that was made by the Government consequent on the declaration in mid-January. That response was a \$1 billion announcement in relation to the recovery process in relation to government infrastructure. That process adopted by the Government was that it would commit to \$1 billion in respect of whether it is roads, schools, hospitals or whatever it is that has been impacted by bushfire. The second component of the response has involved the clean-up operation, where the Government has again committed to the clean-up of every site that has been bushfire damaged. The totality and value of that response is probably at this stage unknown but we would expect that—

**The Hon. DANIEL MOOKHEY:** I will give you a 30-second warning because you have actually been answering longer than I have been asking questions. We have limited time.

**The Hon. TAYLOR MARTIN:** That is what estimates is all about.

**The Hon. NATALIE WARD:** With respect, it is not for you to give a time limit.

**The Hon. DAMIEN TUDEHOPE:** It was a broad question and you asked what the New South Wales response has been. I think it is important that we get the full scope of that response on record. The first response is in respect of government infrastructure. The second is in respect of the clean-up and that is well underway. We have committed, as the Government, to be responsible for that clean-up, notwithstanding that there may be individual property owners who have insurance that would cover that. It is something that the Government has committed to. The third component of the response has been in relation to individual packages and individual items, whether it is the—

**The Hon. DANIEL MOOKHEY:** It is what I want to talk about now.

**The Hon. DAMIEN TUDEHOPE:** No, let me finish because I want to come to—

**The Hon. DANIEL MOOKHEY:** Quickly. I am being generous, Minister, but please do not—

**The Hon. BEN FRANKLIN:** Let him answer the question. Come on, he is directly relevant.

**The Hon. DAMIEN TUDEHOPE:** There are tourism packages available. There are individual evacuation centres that we have funded and the like. The crux of your question is the cash grants.

**The Hon. DANIEL MOOKHEY:** I want to ask about that now.

**The Hon. DAMIEN TUDEHOPE:** Let me just outline what it is.

**The Hon. DANIEL MOOKHEY:** No, Minister, it is okay. You will have plenty of time to go through it.

**The Hon. BEN FRANKLIN:** Point of order—

**The Hon. DANIEL MOOKHEY:** I have given him a Dorothy Dixier and I have given him three minutes to answer it.

**The Hon. NATALIE WARD:** Point of order—

**The Hon. DANIEL MOOKHEY:** We are allowed to keep going.

**The Hon. BEN FRANKLIN:** With the greatest amount of respect, we are, and I understand that and appreciate that. But could the Minister at least finish the actual sentence on the specifically relevant, directly relevant—

**The Hon. DANIEL MOOKHEY:** To be fair, I have asked two minutes of questions and given him four minutes of time to answer them so I am being pretty generous.

**The Hon. NATALIE WARD:** Point of order—

**The ACTING CHAIR:** Order! I will decide how much time he has, not you.

**The Hon. DANIEL MOOKHEY:** The Deputy Chair power has gone to my head.

**Mr DAVID SHOEBRIDGE:** The deputy Deputy.

**The ACTING CHAIR:** I can see that. Please allow the Minister to answer the question without interjection. You will have plenty of time.

**The Hon. BEN FRANKLIN:** Indeed.

**The Hon. DAMIEN TUDEHOPE:** I anticipate where you are going. I will finish by saying that there are cash grants that are available, which are in conjunction with the Commonwealth, and there are loans that have been made available, also being administered by the New South Wales Government.

**The Hon. DANIEL MOOKHEY:** I want to talk about those schemes now. We have the special bushfire loans scheme. We have the special disaster grants for primary producers and we have the emergency bushfire response small business grants. We will get to the first two later. Let us look at the emergency bushfire response small business grants. I assume you are getting regular advice as to what the take-up rate is for these grants?

**The Hon. DAMIEN TUDEHOPE:** Yes.

**The Hon. DANIEL MOOKHEY:** How many people have applied?

**The Hon. DAMIEN TUDEHOPE:** This morning I think it was 747. That is the figure that I got this morning.

**The Hon. DANIEL MOOKHEY:** Some 747 applied.

**Mr DAVID SHOEBRIDGE:** Which grant is this?

**The Hon. DANIEL MOOKHEY:** It is the emergency bushfire response small business grants, which allows up to \$50,000 in two \$25,000 payments.

**The Hon. DAMIEN TUDEHOPE:** Correct.

**The Hon. DANIEL MOOKHEY:** Of the 747 who have applied, how many have been accepted?

**The Hon. DAMIEN TUDEHOPE:** It is 179.

**The Hon. DANIEL MOOKHEY:** How much has been paid out?

**The Hon. DAMIEN TUDEHOPE:** The total paid out is \$3,513,034.

**The Hon. DANIEL MOOKHEY:** On average, that works out to be circa \$30,000 per small business, not the maximum \$50,000 that is available. How long is the scheme open for?

**The Hon. DAMIEN TUDEHOPE:** Until 31 July.

**The Hon. DANIEL MOOKHEY:** We have an estimate that 129,000 small- and medium-sized enterprises are in bushfire declared zones. I assume the scheme has been opened since 4 February. Only 700 applications have been received and only 179 small businesses have received support. Those 179 businesses are not even getting the maximum amount. Why are so few small businesses getting the support? Why is it that of the 700 only 100 have been assessed? And why have we only managed to get—

**The Hon. NATALIE WARD:** Can we have one question at a time?

**The Hon. DANIEL MOOKHEY:** The way he answers it, I will throw a couple at him. Why are we only getting \$3 million out the door?

**The Hon. DAMIEN TUDEHOPE:** I will start but that is a multi-component question.

**The Hon. DANIEL MOOKHEY:** Would you like me to ask them one by one?

**The Hon. NATALIE WARD:** I would.

**The Hon. DAMIEN TUDEHOPE:** Yes.

**The Hon. DANIEL MOOKHEY:** Why have only 700 businesses applied out of potentially 129,000?

**The Hon. DAMIEN TUDEHOPE:** In my submission, I think the eligibility criteria, which have been imposed by the Commonwealth, are too narrow.

**The Hon. DANIEL MOOKHEY:** When you say they are too narrow, what conversations have you had with the Commonwealth to get them to broaden them out?

**The Hon. DAMIEN TUDEHOPE:** I have had numerous conversations with my counterpart, Michaelia Cash. However, we have a dedicated bushfire recovery Minister who has been in constant contact with his Federal counterpart. I understand that the Prime Minister has, in fact, taken a significant interest in how this is being administered and the terms around which this is being administered.

**The Hon. DANIEL MOOKHEY:** Moving onto the next bit, in terms of getting the assistance out the door, for which you are responsible—to be fair, for which Service NSW is responsible—

**The Hon. DAMIEN TUDEHOPE:** Correct.

**The Hon. DANIEL MOOKHEY:** —only 100 of the 700 that have applied have received the money.

**Mr DAVID SHOEBRIDGE:** It is 179.

**The Hon. DAMIEN TUDEHOPE:** Yes, 179.

**The Hon. DANIEL MOOKHEY:** Only 179 have received the money. You are responsible for getting the money out the door. That is something that the New South Wales Government controls. Why is it taking so long for even those 700 businesses to get the support that they are entitled to? It is unacceptable, is it not?

**Ms WILKIE:** All of the 700-odd applications that have been received have been processed and 179 have been eligible for the grants that they requested.

**The Hon. DANIEL MOOKHEY:** Are you saying that 500-odd of those that have applied have been rejected?

**Ms WILKIE:** That goes directly to the question that the Minister was—

**The Hon. DANIEL MOOKHEY:** Sorry, I am asking the Minister these questions.

**The Hon. DAMIEN TUDEHOPE:** I will start. I said earlier that I think there is a problem around the eligibility criteria. I will ask Mr Pratt—

**The Hon. DANIEL MOOKHEY:** Before we unpack that, what precisely is the problem? What is leading to the rejection of 500? What is the eligibility requirement of the grant that is causing you to reject 500 applications of the 700 that have come forward?

**Mr DAVID SHOEBRIDGE:** It is the direct damage problem.

**The Hon. DAMIEN TUDEHOPE:** Exactly.

**Mr DAVID SHOEBRIDGE:** That is what it is.

**The Hon. DAMIEN TUDEHOPE:** That is right.

**Mr PRATT:** Can I comment? There are two problems. One is policy and the other one is error rates in submissions. They are the two fundamental problems. The policy is covering only directly impacted properties, so smoke damage and other things is arguable and therefore needs to be looked at, but the other key statistic to get you, which I have recently looked at, is an 80 per cent error rate in submissions.

**The Hon. DANIEL MOOKHEY:** What is the major error that those businesses are making?

**Mr PRATT:** I do not have the detail. I can take that on notice and come back to you, but that is a major issue in why the delays are coming on.

**The Hon. DANIEL MOOKHEY:** Let us talk about that error rate. Right now the way in which you are entitled to get this money is through an online application. If we have an 80 per cent error rate that is leading to rejections, are we providing those small businesses with small business counsellors? Are we helping them through the application process? Because, right now, the only way you can seem to apply for the loans is online. What additional measures are you putting in place to correct for this error?

**The Hon. NATALIE WARD:** You have asked three questions.

**The Hon. DAMIEN TUDEHOPE:** It is certainly a question for Customer Service because—

**The Hon. DANIEL MOOKHEY:** But you are the small business Minister.

**The Hon. DAMIEN TUDEHOPE:** Listen, before you give me the commentary I will answer the question. It is being handled through Customer Service. What I would say in relation to it is that people lodge an application and, as I understand the process, when they lodge an application there is a process where a concierge from the NSW Small Business Commission will ring them and talk to them about the terms of their application. Often they are made aware very quickly and early on in the process that as the eligibility criteria sit now, you do not qualify for those grants.

**The Hon. DANIEL MOOKHEY:** What is the average time taken to process an application?



**Mr PRATT:** These are questions for Service NSW and Customer Service.

**The Hon. DANIEL MOOKHEY:** Rest assured, Mr Secretary, we will ask them too. But you are the small business Minister, Mr Tudehope. You are getting updates every morning. How long are businesses having to wait to be told the outcome of their application?

**The Hon. DAMIEN TUDEHOPE:** In recent days they are being processed a lot more quickly than they were early on because a significant number of businesses were lodging applications that did not comply in the early period of time. Clearly, the approval rate was negligible, creating the circumstances where there were concerns being raised about the eligibility criteria relating to those grants. I do not resile from the fact that I think that if grants are designed to assist small businesses, the eligibility criteria are far too narrow to fulfil that goal.

**The Hon. DANIEL MOOKHEY:** Are you contemplating any aggressive effort to get businesses to apply for those grants, or is it a case of, "We are just waiting for them to knock on the door"?

**The Hon. DAMIEN TUDEHOPE:** You would have to be living under a rock not to know that there are grants and loans available in relation to businesses that are being impacted. Let me just tell you in relation to that—

**The Hon. DANIEL MOOKHEY:** No, no—

**The Hon. BEN FRANKLIN:** Point of order—

**The Hon. DAMIEN TUDEHOPE:** Let me finish because it is important that I do finish. Through Business Connect we have conducted over 40 forums in regional areas where we have had representatives of Service NSW, the tax office, Revenue NSW—

**The Hon. DANIEL MOOKHEY:** But, Minister, it has only led to 700 applications.

**The Hon. DAMIEN TUDEHOPE:** —TAFE NSW and Customer Service available—

**The Hon. BEN FRANKLIN:** Point of order—

**The Hon. DAMIEN TUDEHOPE:** You asked me a question.

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

**The Hon. BEN FRANKLIN:** Minister, I apologise. I have taken a point of order. I think it is important to deal with this at the beginning of the day. Mr Mookhey is a very enthusiastic legislator and advocate for his views, and that is terrific.

**The Hon. DANIEL MOOKHEY:** Small business.

**The Hon. BEN FRANKLIN:** But this is not a conversation. This is not a chat. This is a question and answer session. I think it appropriate that Mr Mookhey asks the questions that he wants to ask and that the Minister then gets an opportunity to answer them, without Mr Mookhey incessantly coming in over the top and providing running commentary on them.

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

**The Hon. DAMIEN TUDEHOPE:** Thank you. I will finish that point and I will ask Mr Brady to comment. Through Business Connect, which is largely being administered by the Office of Small Business, he has conducted forums throughout 40 regional centres, providing advisers in respect of a whole range of things, including obligations in relation to payroll tax, land tax, income tax—

**The Hon. DANIEL MOOKHEY:** We will have the opportunity to speak to Mr Brady in the afternoon.

**The Hon. DAMIEN TUDEHOPE:** —but also in respect of the eligibility for loans and grants.

**The Hon. DANIEL MOOKHEY:** We are going to talk to that now. The other day we learnt that only 143 small businesses have applied for the special bushfire loans scheme. That is a \$500,000 loan. Only 143 people have applied for that loan, and only 179 have applied for the grant. At best we have provided a total of 300 small businesses with assistance through the schemes. Why is that loan scheme also having such a low rate of take-up?

**The Hon. DAMIEN TUDEHOPE:** Your figures are wrong, but—

**The Hon. DANIEL MOOKHEY:** They are the figures that the Rural Assistance Authority provided under oath on Monday. If you have better figures or updated figures, let me know.

**The Hon. DAMIEN TUDEHOPE:** The loan scheme in relation to small business is that there have only been 17 in relation to the \$500,000—

**The Hon. DANIEL MOOKHEY:** So, 17.

**The Hon. DAMIEN TUDEHOPE:** —and there have been 135 in respect of the loans up to \$50,000. In relation to the loan scheme, which you have referred to—

**The Hon. DANIEL MOOKHEY:** So 150—

**The Hon. NATALIE WARD:** Point of order—

**The Hon. DANIEL MOOKHEY:** This is embarrassing for you guys.

**The Hon. BEN FRANKLIN:** No, this is embarrassing for you.

**The Hon. NATALIE WARD:** Mr Mookhey seems intent on speaking over not only his colleagues but the Minister. In the last nine questions he has interrupted and spoken over the Minister on each of those occasions. I am not sure that it is fair to Hansard, who are recording today's hearing. I am certainly having difficulty following the questions and the answers. My point is this: I ask that you direct Mr Mookhey to the procedural fairness resolution that the House moved and, in particular, paragraph 19 of that resolution.

**The ACTING CHAIR:** I uphold the point of order. Mr Mookhey, please slow down your questioning and allow the Minister to answer. If you do not like his answer, ask him again.

**The Hon. DANIEL MOOKHEY:** I will just repeat the question for Ms Ward's sake. One hundred and seventy-nine small businesses—

**The Hon. NATALIE WARD:** Point of order—

**The Hon. DANIEL MOOKHEY:** —and 150 loans, do you want to explain why the rate of take-up is so low?

**The Hon. NATALIE WARD:** I ask Mr Mookhey to withdraw his comment, which was discourteous to a colleague. It was patronising and discourteous to say so.

**The Hon. DANIEL MOOKHEY:** I withdraw. Minister, 150 small business loan and 179 grants. Only 300 businesses have obtained any form of assistance. What are you doing about it? Are you going to change the eligibility requirements, talk to the Commonwealth or run promotion campaigns? What are we doing about it?

**The Hon. DAMIEN TUDEHOPE:** If you would let me answer the question, in relation to the loans that you have now got to—you have moved on from the grants—the loans have had a much smaller take-up rate in terms of applications than the grants. To your point, the eligibility criteria in respect of those loans are again too narrow. To your point in relation to the failure to take up the opportunity for loans, which are very favourable rates in terms of their commercial consideration, the psychology of businesses that have been directly affected by bushfire is in many respects they do not want to take on more debt. Asking a business that has been directly impacted by bushfire to take on—

**The Hon. DANIEL MOOKHEY:** I am asking you a question, Minister, and the question was: What are you going to do about this? Are you going to raise that with the Commonwealth, are you contemplating any promotion schemes? Given that both these schemes—

**The Hon. BEN FRANKLIN:** If you would allow him to end his answer, you might hear what he has to say.

**The Hon. DANIEL MOOKHEY:** These schemes close in three months. What are you going to do in the intervening period to make sure that small businesses that need this help are able to get it?

**The Hon. DAMIEN TUDEHOPE:** As I have answered in respect of the grants applications, in terms of advising small business of the availability, there can be no question that the Government has embarked on a vast program of advising businesses of those things that are available to them as part of bushfire recovery. The work being done on BusinessConnect forums—some of which I have participated in—to tell small businesses what is available cannot be questioned. The issue that you raise is, firstly, the take-up rate and, secondly, the psychology of taking on additional loans. My preferred position would be that we relax the eligibility criteria in relation to those loans. I know that the Deputy Premier is in fierce negotiations, in his capacity as the bushfire recovery Minister, with David Littleproud to make that point. He believes that if you make loans and grants available then they have to be in circumstances where they can actually hit the target, which they have.

Let me make this general point about what the New South Wales Government is doing. You always have to remember that people who are affected by bushfires are Australians. In respect of the Commonwealth obligation to look after Australians, they have stepped in to make money available for the purposes of helping bushfire victims or businesses that are affected by bushfires. What the New South Wales Government does is administer those loans. We do not set the eligibility criteria for those loans and grants.

**Mr DAVID SHOEBRIDGE:** Minister, we will come to that. We have a couple of hours, so there will be plenty of chances to do that. We will work through this bit by bit, if that is okay.

**The Hon. DAMIEN TUDEHOPE:** I am happy to do that.

**Mr DAVID SHOEBRIDGE:** I think we can agree that the key problem is the eligibility criteria and the definition of "direct damage". It seems to be an extraordinarily narrow definition, which means that if a small business' customer base has collapsed but they have not actually suffered fire or smoke damage, they are ineligible. Would you say that is one of the key problems? We are seeing that around.

**The Hon. DAMIEN TUDEHOPE:** In fact, smoke damage is something where we want to at least—

**Mr DAVID SHOEBRIDGE:** We will do it in bits. To start with, if they have not suffered fire damage but their customer base has collapsed because of the impact of the bushfires, they are not eligible. That is a key problem, is it not?

**The Hon. DAMIEN TUDEHOPE:** A key problem. If we have directed whole populations to leave town then clearly there is an impact on those businesses that rely on customers, whether it is in the tourism industry, whether it is in the accommodation industry. You are right, there is a clear impact.

**Mr DAVID SHOEBRIDGE:** Mr Brady, you are going around the State and informing people about the criteria and what direct damage means. Have you done 40 meetings, is that what I heard?

**Mr BRADY:** There has been a roadshow, which has been conducted throughout the South Coast but also up through the Snowy Mountains and into the North Coast, across all the fire-affected areas. We have run 40 meetings. We have engaged with the local business chambers and directly with small businesses on the ground.

**Mr DAVID SHOEBRIDGE:** How many of those have you been to, Mr Brady?

**Mr BRADY:** My staff have attended them, I have not been to them.

**Mr DAVID SHOEBRIDGE:** Has anyone here attended those meetings directly?

**The Hon. DAMIEN TUDEHOPE:** I have.

**Mr DAVID SHOEBRIDGE:** We will go back to you then, Minister. When you are explaining to people the very limited definition of "direct damage" and the people know their businesses are hurting and their towns are hurting, what kind of feedback are you getting?

**The Hon. DAMIEN TUDEHOPE:** Angry, quite frankly. Lots of small businesses are angry. There are some businesses, in relation to loans, who do not want to necessarily take out a loan. But there are lots of people who have had their businesses impacted, in the manner you have described, who express anger. Consequently, that gives rise to the position of the Government, which we are advocating with the Federal Government, to say that the eligibility criteria are not satisfactory.

**Mr DAVID SHOEBRIDGE:** I have to say that I am glad you have come with up-to-date figures, but the fact is that only 179 small businesses, given the thousands and thousands that have been impacted, have got any money. It is a scheme that is failing to do its job.

**The Hon. DAMIEN TUDEHOPE:** And that is why I welcome what the Prime Minister has said this morning, that he is taking steps to review the grants and the criteria relating to grants and that he will perhaps look at other schemes for benefiting small business.

**Mr DAVID SHOEBRIDGE:** All we have heard from Federal Minister Littleproud, who is the Minister responsible for the loans—

**The Hon. DAMIEN TUDEHOPE:** He is.

**Mr DAVID SHOEBRIDGE:** —is a discussion about changing the way they process and grant the loans. He has only been talking about changes to the process, has he not?

**The Hon. DAMIEN TUDEHOPE:** And with respect, I disagree with him.

**Mr DAVID SHOEBRIDGE:** It seems to me that what we need is an urgent intervention, whether from the Prime Minister or the Minister responsible, to change the definition of "direct damage" and say, "Regardless of whether your business caught on fire, if your business has suffered a substantial economic hit as a result of these bushfires and you are in a bushfire-affected area, come and see us and the grants are open." That is what is needed, is it not?

**The Hon. DAMIEN TUDEHOPE:** But potentially consider other options for giving relief in relation to small businesses, which may not necessarily be in the form of a cash grant but potentially looking at their business in terms of how to restructure their business or how we can assist their business to move forward. One of the things I have been a big advocate for is the delivery of financial advice to businesses impacted by bushfires. Lots of businesses do not know what their insurance policies potentially mean. Getting advice in respect of what is available to you, what your insurance policy says, all those sorts of things, should potentially be part of the first step that people are taking.

**Mr DAVID SHOEBRIDGE:** But it is highly unlikely anyone's insurance policy is going to cover a collapse in business as a result of an external event that has not actually affected their premises. It is highly unlikely that is going to be covered.

**The Hon. DAMIEN TUDEHOPE:** That is a view that you take. I am not sure that is right. Lots of income protection insurance policies do have a component called loss of attraction and loss of attraction insurance does cover exactly this. The take-up rate of that sort of component of a policy, I gather from the Insurance Council, is not all that great because people take the "blue skies" approach to insurance—that will never happen—and therefore they do not want to pay that extra.

**Mr DAVID SHOEBRIDGE:** The minority of businesses that may have that protection, there may be some, but that is not going to help the majority of businesses.

**The Hon. DAMIEN TUDEHOPE:** There will be a significant component who do not have cover, yes.

**Mr DAVID SHOEBRIDGE:** Who has been dealing with the rejection letters, because 76 per cent of the applications for a grant have been rejected. Who has been dealing with those rejection letters?

**Ms WILKIE:** I think the numbers I gave you before have been misinterpreted slightly. Only 72 have been outright rejected. There are still 500-odd that have had an initial assessment. As Mr Pratt said, 80 per cent have error rates so that 500, Service NSW is working with the applicants to correct the applications and to continue processing them. There is no decision yet on that 500.

**Mr DAVID SHOEBRIDGE:** How many have been rejected?

**Ms WILKIE:** It is 72, predominantly because they have requested a grant on the basis of loss of income as opposed to direct fire damage.

**Mr DAVID SHOEBRIDGE:** Of the 500, do you have any data about how long they have been waiting for a decision?

**Ms WILKIE:** No. I know with the loans that the average processing time for loans is about 10 business days but I am not sure what it is for the grants.

**Mr DAVID SHOEBRIDGE:** It is a pretty barren outcome for those small businesses who are in the 500 and whose application is about a loss of income. It is almost the worst possible thing to do, is it not, asking them to do more paperwork and engage with the process if they are inevitably going to be rejected?

**The Hon. DAMIEN TUDEHOPE:** The alternative is though there is a lot of discussion about expanding the criteria. A lot of the so-called applications in limbo have smoke and ash damage and there is a lot of talk about expanding—

**Mr DAVID SHOEBRIDGE:** I assure you we are going to come to smoke and ash but for the moment that is excluded.

**The Hon. DAMIEN TUDEHOPE:** At the moment it is excluded but the suggestion is that maybe we do include it. Potentially we are holding those applications dependent upon the expansion of the criteria.

**Mr DAVID SHOEBRIDGE:** Is that a kind of policy decision, to just put them in kind of limbo on the hope that the criteria will expand, Minister? I am not necessarily criticising you for it. That might be an answer—you have put them in the deep freeze and hope that you get a change in criteria from the Federal Government. Is that what is happening?

**The Hon. DAMIEN TUDEHOPE:** I think that is a fair call. I think it is a customer service-type approach to an application which on the face of it may not be successful at the moment. A concierge in those sorts of circumstances may in fact ring the applicant for the loan or grant—generally it is the grants that you have been referring to—and say, "We will keep the application open because it may give rise to a circumstance where the eligibility criteria does expand". I am not aware of what customer service is saying.

**Mr DAVID SHOEBRIDGE:** Have you got any comfort from the Federal Minister or the Prime Minister in writing that there is a likelihood that the criteria will expand to include smoke damage or economic loss? They are they two key criteria, smoke damage and economic loss. Do you have any comfort at all in writing?

**The Hon. DAMIEN TUDEHOPE:** I do not have that comfort, no.

**Mr DAVID SHOEBRIDGE:** Going to smoke damage, there are businesses whose stock has become unsaleable because of smoke damage and they have been told that they do not fit the criteria.

**The Hon. DAMIEN TUDEHOPE:** Yes.

**Mr DAVID SHOEBRIDGE:** What can you say to those businesses? You have got the unenviable job of saying no to them. What do you say to them?

**The Hon. DAMIEN TUDEHOPE:** I am not the customer service concierge and I am not having those conversations. I read the terms of the eligibility criteria and as it stands we have to say. "You do not meet the criteria for these grants or loans".

**Mr DAVID SHOEBRIDGE:** I have been down there; I know you have been there. You have probably been down there more times than I have. Those communities are really hurting. They are suffering a major economic crunch now. They really cannot wait another six weeks for some kind of internal review. This needs to be sorted out this week, does it not?

**The Hon. DAMIEN TUDEHOPE:** It needs a different approach, I agree. Without deprecating the urgency of assisting small businesses, the work which is being done by the Government in insisting local businesses do the recovery work, whether it is on behalf of government agencies or whether it is in respect of the work which has been carried out by Laing O'Rourke, that is a significant financial stimulus to a lot of those small business communities in any event. While I accept what you say, I do not accept that—

**Mr DAVID SHOEBRIDGE:** I am not suggesting that the Government has not done anything. That is not my suggestion. I am not putting that to you.

**The Hon. DAMIEN TUDEHOPE:** In relation to that component of the recovery package which is related to loans and grants, I think there is more to be done. But I have to say that the response of the New South Wales Government in getting local businesses to be doing this work has been in itself an extraordinary stimulus package for those communities.

**Mr DAVID SHOEBRIDGE:** We may come to that later in the questioning. We are focusing here upon, first of all, the grants. Ms Wilkie, as I understand it, 76 per cent of applicants have either been rejected or have not had an answer yet. That is how I would read it.

**Ms WILKIE:** They have had an answer in that Service NSW has contacted those businesses and is directly working with them.

**Mr DAVID SHOEBRIDGE:** Either they have been rejected or have not been determined yet?

**Ms WILKIE:** They have not been determined.

**Mr DAVID SHOEBRIDGE:** There is about 500 sitting there. Would it be right to characterise the bulk of those relate to smoke damage or economic loss and they are sitting there waiting to see whether or not the criteria may change or are they sitting there waiting for further information?

**Ms WILKIE:** I do not have that level of detail because some of it could be that there are literally just errors in the applications and Service NSW has to go back to get the correct information.

**Mr DAVID SHOEBRIDGE:** Ms Wilkie, you can correct me if I am wrong on this at a later point in this hearing or on notice, my maths says that the average grant of the 179, that small cohort that have been paid, is about \$19,600. You may have a better number than I do?

**Ms WILKIE:** I think it is closer to \$30,000 but we can get you the exact number.

**Mr DAVID SHOEBRIDGE:** Minister, can we just quickly go onto the loans scheme now. Can we just get the numbers?

**The Hon. DAMIEN TUDEHOPE:** Yes. Do you want me to—

**Mr DAVID SHOEBRIDGE:** I do not mind, whoever has got the numbers.

**The Hon. DAMIEN TUDEHOPE:** I want to acknowledge that Mr Midha has now joined us. I assume that the Acting Chair is aware of that.

**Mr DAVID SHOEBRIDGE:** Mr Midha, if you have the numbers, please give us the numbers.

**The Hon. DAMIEN TUDEHOPE:** I will give you the numbers. In relation to the loans up to \$50,000, 135 have been—

**Mr DAVID SHOEBRIDGE:** It is 500, is it not?

**The Hon. DAMIEN TUDEHOPE:** No, I will come to the 500 in a moment. You can apply for a loan up to \$50,000 and there is a set of criteria in relation to what you have got to do.

**The Hon. DANIEL MOOKHEY:** The working capital, yes.

**The Hon. DAMIEN TUDEHOPE:** That is generally or the chief circumstance. It is an unsecured loan up to \$50,000. There have been 135 applications for those loans. Fifteen have been approved and the total value of those loans which has been advanced is \$625,000. The average loan is about \$41,000. There are 86 of those pending and I understand that six have been rejected.

**Mr DAVID SHOEBRIDGE:** These loans are for things such as replacing sheds and fencing, or what are these loans for?

**The Hon. DANIEL MOOKHEY:** Working capital.

**Mr DAVID SHOEBRIDGE:** Working capital more broadly.

**The Hon. DAMIEN TUDEHOPE:** The applicant makes a decision to apply for a loan, unsecured on the favourable terms which have been offered. I do not know if it necessarily goes to—

**Mr PRATT:** Can I pick that up?

**Mr DAVID SHOEBRIDGE:** Mr Pratt, yes.

**Mr PRATT:** Just a comment, you are right, but in addition to that it is the issue you touched on earlier about income revenue flow to cover loss of that as well. The psychology of it, if I could just add, as a banker and a lender longstanding in these circumstances—

**Mr DAVID SHOEBRIDGE:** We will not hold that against you, Mr Pratt.

**Mr PRATT:** I know you do not, Mr Shoebridge.

**The ACTING CHAIR:** Some Greens do.

**Mr DAVID SHOEBRIDGE:** Sorry Mr Pratt, carry on.

**Mr PRATT:** If I could, the psychology of this, people in these circumstances do not want to borrow money and we have—

**Mr DAVID SHOEBRIDGE:** Sorry, I am trying to listen.

**Mr PRATT:** People in these circumstances do not want to borrow money and we have fed this back to the Commonwealth. Almost every second day there is dialogue going back on the very issues that you are raising. You and I are actually in agreement, Mr Shoebridge, on these issues.

**Mr DAVID SHOEBRIDGE:** Yes.

**Mr PRATT:** I have fed back to them that—one is the policy issue that you are raising. Secondly, in respect of loans, there is no interest on loans.

**Mr DAVID SHOEBRIDGE:** If you have just seen your farm or your business smashed by a fire and you have seen your neighbours in major economic dire straits, the idea that there will be this upsurge of people asking for a loan is—optimistic would be a polite description of it. That is not the time you go and ask for a loan, is it?

**Mr PRATT:** No.

**Mr DAVID SHOEBRIDGE:** And that is what you are experiencing on the ground?

**Mr PRATT:** I can assure you we are feeding that back. The loan scheme was actually increased from \$50,000 to \$500,000 as you are no doubt aware. There is no interest in that.

**Mr DAVID SHOEBRIDGE:** Yes, and in fact only 15 successful applications. That says it, does it not?

**The Hon. DAMIEN TUDEHOPE:** It underscores it.

**Mr DAVID SHOEBRIDGE:** Yes. So in some ways if there is a notional monetary allocation set aside for the loan scheme, the best thing to do on that would be to take that off and put it actually on a direct grant scheme and expand the direct grant scheme. Would you agree with that?

**Mr PRATT:** I agree, yes.

**Mr DAVID SHOEBRIDGE:** The loan scheme is the wrong way of doing that.

**The Hon. DAMIEN TUDEHOPE:** Certainly on those figures you would have to say that there is a reluctance.

**Mr DAVID SHOEBRIDGE:** But it is not just the figures. It is the psychology, is it not?

**The Hon. DAMIEN TUDEHOPE:** Sure, I agree.

**Mr DAVID SHOEBRIDGE:** If you have been economically and environmentally smashed like this, you are not going to put your hand up for an extra half-million dollar loan for these businesses.

**The Hon. DAMIEN TUDEHOPE:** But just let me make this suggestion to you—I do not know if this has been considered by the Commonwealth. Part of the problem is that in loans between \$50,000 and \$500,000 there is a requirement to provide security. Now, you have just had your property burnt and you probably have mortgaged your property already. This is like asking people to take out a second mortgage. If in fact the loan scheme was restructured to allow the discharge of the existing facility so that you replace that facility with a loan on more favourable terms—

**Mr DAVID SHOEBRIDGE:** I assumed it did allow for that. So you cannot even discharge your existing mortgage with it?

**The Hon. DAMIEN TUDEHOPE:** No, no, no. As it stands at the moment, the criteria which apply to this is not to discharge an existing facility but to cover damage or loss of stock, or whatever it is, or income.

**Mr DAVID SHOEBRIDGE:** There may well be a take-up. If you have got a loan with a major bank and you are worried about the interest payments, you can see how maybe the loan scheme might be useful if you could, if you like, transfer that debt to the Commonwealth at a significantly discounted interest. That actually may have some interest. I assumed that they could do that. You cannot do that?

**The Hon. DAMIEN TUDEHOPE:** No.

**Mr PRATT:** There is no refinancing. Can I just say though, whilst that has some appeal, there is also a negative aspect of that. If the business was not performing pre-bushfire then that facility they have got with the bank may not be in order. The Government is then using taxpayer money to refinance bad lending, so there is a balance in that that we need to look at.

**Mr DAVID SHOEBRIDGE:** We go back to the point that really it is about providing money now to a broader category of applicants so that whatever the intent was—whatever their public statement was—that can actually flow on the ground. That is just not happening at the moment.

**The Hon. DAMIEN TUDEHOPE:** I agree with that.

**Mr PRATT:** The average grant by the way, to your earlier question, is \$19,625.

**Mr DAVID SHOEBRIDGE:** That is what I had—\$19,625. Is that because it is the first of potentially two rounds of grants or is that the total grant?

**The Hon. DAMIEN TUDEHOPE:** I think it is broken up into—

**Mr DAVID SHOEBRIDGE:** If that is the final figure—

**The Hon. DAMIEN TUDEHOPE:** As I understand it—and others know this probably better than me—it does take into account that some of the initial applications for grants were in respect of the Government's own scheme, which is for grants up to \$15,000, and they have been paid by the New South Wales Government. Then the Commonwealth Government came in and supplemented that up to \$50,000. So there were various applications for amounts which differed and the initial tranche of grants were generally applications for a lot less than the \$50,000.

**Mr DAVID SHOEBRIDGE:** Okay. I think there is not much point in me going onto a new venture now; I think I have got 15 seconds. We will come back to some of the other State-specific programs in the next round.

**The Hon. DAMIEN TUDEHOPE:** Sure.

**The Hon. DANIEL MOOKHEY:** Minister, South Australia has waived land tax for tax years 2019-20 and 2020-21 for property that was destroyed or substantially damaged in the bushfires in their State. Victoria has waived the same tax for this financial year but the New South Wales Government has not offered any form of land tax relief. Why is it the case that South Australia is in a position to do this and Victoria is in a position to do this but the New South Wales Government is not matching their decision to waive up to two years of land tax for property that is substantially bushfire-affected?

**The Hon. DAMIEN TUDEHOPE:** Perhaps I ought to pass it—

**The Hon. DANIEL MOOKHEY:** It is for you, Minister. It is a policy question.

**The Hon. DAMIEN TUDEHOPE:** In terms of a policy decision—I think the final policy decisions in relation to how we deal with this as an issue are an evolving thing. I notice you have not raised with me the fact that the Queensland Government has deferred payroll tax.

**The Hon. ROSE JACKSON:** No. That was not the question.

**The Hon. DANIEL MOOKHEY:** We will get to that. I am asking just about land tax. Two years of relief in South Australia, one year of relief in Victoria, but we are collecting land tax in New South Wales.

**The Hon. DAMIEN TUDEHOPE:** I am unaware, but it may well be that those other jurisdictions are not doing the clean-up and bearing the cost of the clean-up.

**The Hon. DANIEL MOOKHEY:** The Commonwealth is paying for their clean-up as well. Moving on to other aspects of Victoria's land tax relief, Victoria is also offering land tax relief for property that was affected but not destroyed or substantially damaged. Why are we not doing that as well?

**The Hon. DAMIEN TUDEHOPE:** Perhaps Mr Brady—

**The Hon. DANIEL MOOKHEY:** Sorry, it is a policy question.

**The Hon. DAMIEN TUDEHOPE:** Just in terms of what we are doing in relation to—

**The Hon. DANIEL MOOKHEY:** I am asking you why we are not doing this. It is a pretty straightforward question, Minister.

**The Hon. DAMIEN TUDEHOPE:** Perhaps though the context of the policy position should be against the position of what we are in fact doing. Potentially I would like Mr Brady just to set the context by identifying what we are doing in relation to land tax.

**The Hon. DANIEL MOOKHEY:** I accept that. We will have the opportunity to talk to Mr Brady this afternoon at great length. It is just a simple question.

**The Hon. DAMIEN TUDEHOPE:** The context of your question—

**The Hon. DANIEL MOOKHEY:** Victoria is offering land tax relief for people whose property has been affected but not substantially damaged. New South Wales is not. Why are we not?

**The Hon. DAMIEN TUDEHOPE:** Let me just say, to put that in context, I think Mr Brady ought to be able to answer the question of what we are in fact doing in relation to land tax.

**The Hon. ROSE JACKSON:** It had better be good context.

**Mr BRADY:** So, as you would be aware, land tax assessments are generally issued in January and February of each year. We have deferred issuing assessments in all bushfire-affected areas for three months, and



then any compliance activity we are dealing with on a case-by-case basis where we contact the affected party and work out a suitable arrangement with them.

**The Hon. DANIEL MOOKHEY:** That is helpful context, Mr Brady.

**The Hon. DAMIEN TUDEHOPE:** And maybe that is a helpful policy position.

**The Hon. DANIEL MOOKHEY:** It is helpful context, Mr Brady, but the question still remains, Minister. Victoria and South Australia have offered two years of relief for land tax for people who have been substantially damaged and Victoria is offering relief for people who have been affected but not fire-damaged, but New South Wales is doing none of this. Why not?

**The Hon. DAMIEN TUDEHOPE:** Because we see bushfire recovery as a total package, not as an isolated, single issue which you have identified. I think in the context of land tax the steps that we are currently taking in relation to the deferment and consideration of hardship—they are the current context in which we are considering land tax and that is part of a total package of relief in relation to bushfire recovery.

**The Hon. DANIEL MOOKHEY:** Victoria is also offering reduced 2021 land tax for property that was used to provide free accommodation for more than one month and less than six months. This is for the people who made their homes available to bushfire victims, which of course you would agree was a very generous thing for people to do.

**The Hon. DAMIEN TUDEHOPE:** Yes.

**The Hon. DANIEL MOOKHEY:** On top of that Victoria is offering a 50 per cent concession on land transfer duty for people who are purchasing commercial and industrial property in bushfire-affected local government areas. Why are we not offering the same relief to people who provided their homes in New South Wales?

**The Hon. DAMIEN TUDEHOPE:** Because we have a suite of measures which we are taking in relation to bushfire recovery which do not include those things.

**The Hon. DANIEL MOOKHEY:** I know it does not include those things, but you are not considering matching Victoria's package?

**The Hon. DAMIEN TUDEHOPE:** We are matching their package by way of a \$2 billion-plus expenditure package in relation to bushfire recovery.

**The Hon. DANIEL MOOKHEY:** In respect to payroll tax, which you raised earlier, Victoria is offering a reduced rate—25 per cent of the metropolitan rate—for regional areas and deferral for businesses that have been hit by bushfires in terms of their payroll tax obligations. This is another example of the policy in Victoria, and Queensland has offered deferral, but we are not doing anything like that. Why are we not offering that form of relief?

**The Hon. DAMIEN TUDEHOPE:** Perhaps I can ask Mr Brady to say what we are doing in relation to payroll tax.

**Mr BRADY:** We have been contacting business customers in all the bushfire-affected areas where they have not made their regular returns and entered into discussions with them about their circumstances and deferral of payroll tax as and when it is needed for that individual business.

**The Hon. DANIEL MOOKHEY:** That is helpful contact, but the question is—

**The Hon. DAMIEN TUDEHOPE:** But in terms of—

**The Hon. DANIEL MOOKHEY:** They are offering a reduced rate to help small businesses—

**The Hon. BEN FRANKLIN:** Point of order: The Minister was continuing to finish that answer and I think it would be appropriate to hear that.

**The ACTING CHAIR:** Could you allow him to answer?

**The Hon. DAMIEN TUDEHOPE:** Thank you, Mr Chair. I just reiterate the point that identifying individual measures that individual States might be taking deprecates from the general principle of bushfire relief and the way that the State has decided to do that. For example, we have announced this week a package of stamp duty relief, which other States have not done, in respect of—

**The Hon. DANIEL MOOKHEY:** Are you sure about that?

**The Hon. DAMIEN TUDEHOPE:** Yes.

**The Hon. DANIEL MOOKHEY:** Victoria announced the policy, which you announced two days ago, back in February.

**The Hon. DAMIEN TUDEHOPE:** No, I am saying it is part of a package which we have announced in relation to people who are traumatised by bushfire who are seeking to relocate.

**The Hon. DANIEL MOOKHEY:** Minister, that policy has existed in Victoria since 1 February—

**The Hon. DAMIEN TUDEHOPE:** But the point I am making is—

**The Hon. DANIEL MOOKHEY:** But also they are applying that policy to commercial land, about which I just asked you, so I will ask you this: Does the stamp duty concession that you just made reference to apply to people who are purchasing commercial land in bushfire-affected regions?

**The Hon. DAMIEN TUDEHOPE:** No.

**The Hon. DANIEL MOOKHEY:** So we have a scenario where Victoria is not going to be collecting stamp duty on businesses that want to buy land to help rebuild bushfire communities, but New South Wales is. That is, I think, the sixth example of relief that other States are providing that New South Wales is not—

**The Hon. DAMIEN TUDEHOPE:** And—

**The Hon. DANIEL MOOKHEY:** I take your point about bushfire recovery, but Victoria is doing the exact same thing—

**The Hon. NATALIE WARD:** Point of order—

**The Hon. DANIEL MOOKHEY:** So the question is, Minister: Isn't it the case—

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

**The Hon. DANIEL MOOKHEY:** There is no point of order.

**The Hon. NATALIE WARD:** I have not even begun speaking and my colleague has already spoken over me. I ask that he refrain from speaking over me. My point of order is that these are budget estimates in relation to expenditure in the New South Wales budget from 2019 to 2020. Mr Mookhey has asked several questions about Victorian budget expenditure. I ask that his questions relate, and somehow be relevant in relation to the procedural fairness resolution, to this budget expenditure.

**Mr DAVID SHOEBRIDGE:** To the point of order: There have been repeated rulings from the Acting Chair that very wide latitude is granted in budget estimates—

**The Hon. NATALIE WARD:** And he has had six questions.

**Mr DAVID SHOEBRIDGE:** I did not interrupt you.

**The Hon. NATALIE WARD:** That is wide latitude. He has had plenty of latitude.

**Mr DAVID SHOEBRIDGE:** I did not interrupt you. Reflecting on the different economic structures between New South Wales and other States is surely within that wide latitude.

**The Hon. NATALIE WARD:** To the point of order: The member is able to answer for himself. He has had plenty of latitude, and wide latitude, and has asked many questions, and we have sat here and listened to them. We in this Committee are actually very interested in hearing about the New South Wales budget expenditure for 2019-20 and I ask that he ask direct questions to the Minister about this budget expenditure.

**The ACTING CHAIR:** I think we all know that questions can be generally relevant. The Minister's answers should be directly relevant and comparisons to other States is appropriate, there is no question of that. But, Mr Mookhey, it would be useful if you allowed the Minister to get his answer out before proceeding with the next question. It will make it easier for Hansard and it will make it easier for all of us to understand what the Minister's answer is, and you will have plenty of time.

**The Hon. DANIEL MOOKHEY:** Thank you, Mr Chair. Minister, it is a simple—

**The Hon. DAMIEN TUDEHOPE:** Do you want me to answer the question or not?

**The Hon. DANIEL MOOKHEY:** You did, and I am asking the next one.

**The Hon. DAMIEN TUDEHOPE:** No, well—

**The Hon. DANIEL MOOKHEY:** The simple truth is this, is it not, Minister—

**The Hon. NATALIE WARD:** He is not interested in the answers.

**The Hon. DANIEL MOOKHEY:** A bushfire victim in South Australia and Victoria is getting much more help than a bushfire victim in New South Wales. That is true, is it not?

**The Hon. DAMIEN TUDEHOPE:** I do not know the answer to that. I think if you compared the totality of the bushfire packages that have been made available by the New South Wales Government with what South Australia—you see, Mr Mookhey, the problem is that you are trying to ask the New South Wales Government to have some sort of equivalence with a whole lot of jurisdictions which have completely different circumstances, or potentially areas which have been affected and number of businesses which have been affected. All of the policy considerations which you have identified remain under constant consideration in terms of whether we can deliver the best package. For example, how many businesses in fact in those areas affected by bushfire are paying payroll tax, and—

**The Hon. DANIEL MOOKHEY:** The Acting Chair has left the room. Minister, I am going to use my power now as Acting Deputy Chair to move on because—

**The Hon. BEN FRANKLIN:** This is outrageous, Daniel.

**The Hon. DAMIEN TUDEHOPE:** Mr Mookhey—

**The Hon. BEN FRANKLIN:** Let him answer the question.

**The Hon. DANIEL MOOKHEY:** He has answered for two minutes.

**The Hon. BEN FRANKLIN:** He is halfway through a sentence.

**The Hon. NATALIE WARD:** Let him answer. You are not interested in the answers.

**The Hon. BEN FRANKLIN:** This is not some schoolboy debate.

**The Hon. NATALIE WARD:** You are not interested; you do not care about the answers.

**Mr DAVID SHOEBRIDGE:** Mr Acting Deputy Chair, I do think the Minister was actually addressing the comparisons.

**The Hon. DANIEL MOOKHEY:** Sure, so perhaps we can do this directly relevantly.

**Mr DAVID SHOEBRIDGE:** I think he was in the middle, if he could finish.

**The Hon. DAMIEN TUDEHOPE:** I am just trying to say that all these policy considerations that you have identified and seek to impose upon New South Wales from other jurisdictions are all issues that we look at. We have different payroll tax regimes from other jurisdictions, and I must say it is surprising to get a question on payroll tax from a Labor Party member. A party that wants to in fact increase payroll tax for the customers of New South Wales asking us about payroll tax is quite outrageous.

**The Hon. DANIEL MOOKHEY:** Let us keep talking about land tax. As we heard from Mr Brady that the general process by which we do land tax is that the Valuer General assesses the value of each parcel of land and then passes those values on to Revenue NSW, which issues a notice of assessment if land tax is payable. That is the correct procedure, is it not?

**The Hon. DAMIEN TUDEHOPE:** I think Mr Brady would agree with that.

**The Hon. DANIEL MOOKHEY:** That is correct, Mr Brady?

**Mr BRADY:** Yes.

**The Hon. DANIEL MOOKHEY:** The Valuer General completed valuations in the middle of January this year. That is correct, Mr Brady?

**Mr BRADY:** Yes.

**The Hon. DANIEL MOOKHEY:** Revenue NSW started issuing notices of valuations from 15 January to the end of April. Is that correct?

**Mr BRADY:** I think we actually deferred issuing assessments because of what was happening on the South Coast.

**The Hon. DANIEL MOOKHEY:** But that still is the target?

**Mr BRADY:** We will still be issuing assessments. In non-bushfire-affected areas the assessments have been issued and in bushfire-affected areas we will be issuing in April.

**The Hon. DANIEL MOOKHEY:** Do you know how many bushfire residents will have their notice of assessment delayed?

**Mr BRADY:** Our estimate is 5,550 customers to the value of \$51 million.

**The Hon. DANIEL MOOKHEY:** As part of the WestConnex project, the Valuer General created new parcels of land due to the resumption of land and tunnelling under land. That is correct?

**The Hon. DAMIEN TUDEHOPE:** Sorry, will you repeat that question?

**The Hon. DANIEL MOOKHEY:** The Valuer General created new parcels of land due to resumption of land and tunnelling under land. That is correct?

**Mr BRADY:** That is correct.

**The Hon. DANIEL MOOKHEY:** Revenue NSW received the property ownership records for the new parcels of land. That is correct?

**Mr BRADY:** That is correct.

**The Hon. DANIEL MOOKHEY:** But there was a problem, was there not—namely, that residents, especially in Haberfield, did not actually own any new land and they lost their principal place of residence [PPR] exemption from land tax, meaning that they were being charged land tax on their family homes. That is correct?

**The Hon. DAMIEN TUDEHOPE:** Perhaps Mr Brady would give an explanation of how that occurred.

**Mr BRADY:** The Minister actually drew this to our attention when it occurred. It was simply a case of some of the markers for a principal place of residence were lost when the new title details were issued. We have reached out to every one of those customers and we have been trying to correct the errors and make sure that they have the appropriate exemptions in place.

**The Hon. DANIEL MOOKHEY:** But the Government sent these residents letters saying that they had to pay land tax on their homes, even though they did not actually owe a cent, and some of those bills were up to the value of \$7,000. That is correct?

**The Hon. DAMIEN TUDEHOPE:** I think Mr Brady has identified that that was an error and that they are taking steps to remedy it.

**The Hon. DANIEL MOOKHEY:** How many residents were told to pay land tax on their family homes which they did not actually owe?

**Mr BRADY:** I do not have that data with me, Mr Mookhey. I can take that on notice.

**The Hon. DANIEL MOOKHEY:** WestConnex tunnelling has affected 4,000 residents. That is the last available figure from Transport for NSW. Can you at least assure us that we are not trying to collect land tax which is not owed from up to 4,000 people?

**The Hon. DAMIEN TUDEHOPE:** I can give you that assurance entirely.

**The Hon. DANIEL MOOKHEY:** Do you understand that perhaps being given a bill to the tune of \$7,000 to pay land tax on their family home might be upsetting to these residents?

**The Hon. DAMIEN TUDEHOPE:** I agree.

**The Hon. DANIEL MOOKHEY:** Do you want to apologise to these people?

**The Hon. DAMIEN TUDEHOPE:** I am sure that the correspondence from Revenue NSW has included an apology.

**The Hon. DANIEL MOOKHEY:** The policy that Revenue NSW is applying to these residents is that the onus is now on the residents to prove that they are entitled to the PPR exemption. That is what it says. In terms of the letter, it says here that where there is a mismatch, Revenue NSW will issue an assessment and seek confirmation from the property owner that the property owned is being used as their PPR.

**The Hon. DANIEL MOOKHEY:** Why is the onus on the residents to correct the error of Revenue NSW and to prove their entitlement to the PPR when they did not do anything to lose it in the first place?

**The Hon. DAMIEN TUDEHOPE:** Mr Mookhey you and I are at one on this but perhaps Mr Brady might explain?

**The Hon. DANIEL MOOKHEY:** To be fair—

**The Hon. DAMIEN TUDEHOPE:** No, I think he ought to explain it because we have identified the process, the same as you have. We have identified the error. We have drawn it to the attention of the Office of State Revenue and it is in the process of remedying it.

**The Hon. DANIEL MOOKHEY:** Would you explain the process Mr Brady?

**Mr BRADY:** As I said earlier, we proactively reached out to each one of those residents to try to correct the error and ensure that the right exemptions are in place for each of those parties.

**The Hon. DANIEL MOOKHEY:** When you say that your agency proactively reached out, how did you do that?

**Mr BRADY:** I have instructed the relevant tax officers to make contact with the landholders. I will have to come back to you to confirm to you how many we contacted by phone and how many by letter but there was a proactive engagement with those parties as soon as we became aware of the—

**The Hon. DANIEL MOOKHEY:** When did that start?

**Mr BRADY:** I will have to take that on notice. It was as soon as the Minister brought it to my attention.

**The Hon. DANIEL MOOKHEY:** How many have you contacted?

**Mr BRADY:** I will take that on notice.

**The Hon. DANIEL MOOKHEY:** But the notice of assessments still apply to them?

**Mr BRADY:** They were issued. Now we have contacted them.

**The Hon. DANIEL MOOKHEY:** Have you issued an amended notice?

**Mr BRADY:** I will take that on notice to see exactly where we are up to in the process.

**The Hon. DANIEL MOOKHEY:** Why are you not just freezing the collection of them from the residents of Haberfield at least? Why are you not considering doing that for everyone else, given that the first payment is due on 1 April? That is the way the notice of assessment has been worked. You have issued land tax bills to people in their family homes who do not owe it. That is a really simple thing you could do right now: just simply freeze the collection for those residents. It is question to you, Minister.

**The Hon. DAMIEN TUDEHOPE:** I will ask Mr Brady to address it.

**The Hon. DANIEL MOOKHEY:** It is a policy question.

**The Hon. DAMIEN TUDEHOPE:** I think it is a follow-up question to Mr Brady.

**The Hon. DANIEL MOOKHEY:** Sure, and Mr Brady will have the opportunity. It is a simple question that you could deal with right now, Minister. We have a bunch of residents who have bills for land tax for their family home. Why do you not just freeze the collection?

**Mr BRADY:** Mr Mookhey, no one has paid an incorrect assessment. No one has been made to pay those assessments. We have contacted every single one of those parties to try to correct the record.

**The Hon. DANIEL MOOKHEY:** How many parties were there?

**Mr BRADY:** I said I will take that on notice. It is my understanding it was not in the thousands, as you may have indicated. It was a relatively small number.

**The Hon. DANIEL MOOKHEY:** It is very distressing for those families to receive—

**Mr BRADY:** Hence that is why we proactively reached out—

**The Hon. DANIEL MOOKHEY:** I get that, Mr Brady. I am asking the Minister a policy question. Why are you not just freezing it? Why are you not issuing a broader set of public communication to those residents that simply say that an error has been made, you will be contacted, do not sweat the \$7,000 bill we have sent you?

**The Hon. DAMIEN TUDEHOPE:** I think you ought to accept the explanation given by Mr Brady that they have been contacted in relation to it.

**The Hon. ROSE JACKSON:** Minister, I want to check in on the percentage of Indigenous-owned businesses that were awarded domestic contracts for goods and services issued by New South Wales agencies in the last financial year? Mr Gardner, is that figure available?

**Mr GARDNER:** It is, yes.

**The Hon. DAMIEN TUDEHOPE:** It is a low figure.

**The Hon. DANIEL MOOKHEY:** We had 0.12 per cent at the last estimates hearing, I think.

**The Hon. ROSE JACKSON:** Yes.

**Mr GARDNER:** At the last estimates hearing it was 0.12 per cent. This financial year for 2018-19 it has increased to 0.20 per cent. In terms of dollars it has increased from \$24 million to \$44 million.

**The Hon. ROSE JACKSON:** It is good that it has improved but it is still not at the target, is it?

**The Hon. DAMIEN TUDEHOPE:** I agree with that.

**The Hon. ROSE JACKSON:** What are you doing to ensure that we are reaching our 3 per cent target?

**The Hon. DAMIEN TUDEHOPE:** There are two levels to this: setting the target and then getting the Indigenous businesses or Aboriginal businesses to participate in the process. What we have instituted is a concierge process, which has been reasonably successful in increasing the number of Aboriginal businesses that are participating in government procurement work. I think there is a figure in respect of how many additional businesses we have brought on.

**The Hon. ROSE JACKSON:** It is the fault of Indigenous-owned businesses that they are not putting in tenders and that is why they are not getting the work? Is that what you are suggesting?

**The Hon. DAMIEN TUDEHOPE:** I am suggesting that there is potentially a lack of information out there or reluctance to go through the process by Aboriginal businesses for the purposes of participating in that program. So what Procurement NSW is doing is seeking active participation with those businesses to, first, let them know what is available and, second, to encourage them to make application.

**The Hon. ROSE JACKSON:** Do you have a figure for Indigenous-owned businesses that have applied for contracts and not been successful? Have 100 per cent of eligible applications for Indigenous-owned businesses been awarded and that is the 2 per cent? Is there a figure for some that have not been successful?

**Mr GARDNER:** We do not have a figure of how many have applied, no. The model is each agency is responsible for its own Indigenous education strategies. Each individual agency is responsible for its adherence to the policy.

**Mr DAVID SHOEBRIDGE:** Minister, do you have responsibility for implementing the review that was undertaken of the Aboriginal procurement policy and I think it was the Aboriginal participation in construction policy?

**The Hon. DAMIEN TUDEHOPE:** Yes.

**Mr DAVID SHOEBRIDGE:** That review was scathing of the arrangements to date. Can we agree on that?

**The Hon. DAMIEN TUDEHOPE:** I entirely agree that the results are not thrilling.

**Mr DAVID SHOEBRIDGE:** You have accepted the recommendation to merge the two policies together?

**The Hon. DAMIEN TUDEHOPE:** Correct.

**Mr DAVID SHOEBRIDGE:** Have you consulted with the Aboriginal community about the proposed changes to the policy?

**The Hon. DAMIEN TUDEHOPE:** I think there was a very wide-ranging consultation in relation to the review generally. I think that the consolidation of the two components of the Aboriginal procurement policy—Mr Gardner will give details of it.

**Mr GARDNER:** I can talk about that.

**Mr DAVID SHOEBRIDGE:** Just while you are doing that I may put it in context. As I understand it the policy is going to be released in March which, from my reckoning, is fairly soon.

**The Hon. DAMIEN TUDEHOPE:** Soon, indeed.

**Mr DAVID SHOEBRIDGE:** When can we expect it to be released? What consultation has been undertaken about the final terms of the policy?

**Mr GARDNER:** I can talk to the consultation. The policy is very well formed. I can talk to you about the parameters of what will be strengthened in the new policy which will be coming to this place on 1 July.

**Mr DAVID SHOEBRIDGE:** Do that.

**Mr GARDNER:** In terms of the approach we took to the policy review which commenced in February 2019—as you know the report was published in December. We will have the policy in place on 1 July. We had events and workshops across regional New South Wales and metropolitan areas with Aboriginal-owned businesses and non-Aboriginal-owned businesses and government staff. We held two policy forums with approximately 100 Aboriginal-owned businesses and agency stakeholders. We surveyed members of Supply Nation and the Indigenous Chamber of Commerce. We gathered business and government insights from four co-designed workshops in April last year with approximately 80 attendees from Aboriginal-owned businesses, peak bodies. In July we sought public consultation on New South Wales Government's "Have your say" website, receiving 191 responses.

**Mr DAVID SHOEBRIDGE:** I have read the review so I know some of the background. I am asking about, having got the review, what consultation you are doing on the policy.

**Mr GARDNER:** Yes, we have the review. On the policy that now is formed? We have formed a policy position that will be strengthening and simplifying that side, if you like—

**Mr DAVID SHOEBRIDGE:** Have you released the policy?

**Mr GARDNER:** No, we have not released the policy but I can give you some insights into what the policy will—

**Mr DAVID SHOEBRIDGE:** What are the key changes?

**Mr GARDNER:** The key changes are combining the two policies, simplifying policy requirements—we are aligning it with the Commonwealth—reporting Indigenous procurement policy, agencies will be required to have individual targets which we will publish, and we are adding an additional spend target. There will be a new target requiring clusters to direct 1 per cent of addressable spend to Aboriginal-owned businesses and 1.5 per cent of Aboriginal participation on all high-value contracts. So all goods and services contracts and construction contracts over \$7.5 million must direct at least 1.5 per cent of contract value to Aboriginal participation, either directly to employment of Aboriginal people or capacity building, which aligns with the Commonwealth position.

**Mr DAVID SHOEBRIDGE:** Mr Gardner, I am having trouble squaring how that is an advance. If the previous policy was 3 per cent of spend by the end of 2021, how is publishing a policy in the middle of 2020 talking about a 1 per cent spend an advance for Aboriginal businesses?

**Mr GARDNER:** We are retaining the 3 per cent target. This is an additional target. That is the 3 per cent contract. So three per cent of the number of contracts. Like the Commonwealth program, we are also adding a dollar spend component to it. We are retaining the 3,000 full-time equivalent [FTE] target, we are giving first consideration to Indigenous businesses and the direct negotiation premise. I am sorry, I went straight to what are we changing, but there are a lot of other aspects that we are retaining.

**Mr DAVID SHOEBRIDGE:** Minister, the target was 3 per cent of contracts. We are at 0.2 per cent. You are almost 7 per cent of the way to the target. If we are having this chat again in a year's time where can we hold you to account for getting to the 3 per cent target? Remember, the 3 per cent is meant to be by 2021. If you are sitting here again next year and you are coming to us, what can we hold you to account on? The 3 per cent?

**The Hon. DAMIEN TUDEHOPE:** Hopefully we will be sitting here later this year. The nature of these hearings is holding Ministers to account.

**Mr DAVID SHOEBRIDGE:** What can we hold you to account on by the end of this year?

**The Hon. DAMIEN TUDEHOPE:** The targets are what they are, but they are by a particular date. Part of what we are doing by a particular date in—

**Mr DAVID SHOEBRIDGE:** The end of 2021.

**The Hon. DAMIEN TUDEHOPE:** —2021 is in many respects I suppose enlivening agencies about their obligations and enlivening businesses about their opportunities. Mr Shoebridge, this is an ongoing conversation and I am prepared to continue to engage in it.

**Mr DAVID SHOEBRIDGE:** Are you willing to take feedback on your policy?

**The Hon. DAMIEN TUDEHOPE:** Sure.

**Mr DAVID SHOEBRIDGE:** And actively engage with Aboriginal businesses, peak bodies and community members about your revised policy and accept feedback on it, or is this set in stone as it comes from the bureaucrats?

**The Hon. DAMIEN TUDEHOPE:** It would be silly for any Minister to say anything is set in stone. I have to say, if we can be doing things to improve it—Mr Gardner has some insight in relation to that.

**Mr GARDNER:** Mr Shoebridge, it is a good question. One of the bits of feedback we got is that annual reviews are too frequent, so we will be doing a review every two years with the policy and going through a similar process of consultation back on the management.

**Mr DAVID SHOEBRIDGE:** But, you see, the difficulty I have is that you had the review, you consulted with everybody, with a good bunch of people in the review—I am not criticising the consultation—but you then go and create a policy entirely inside the department without exposing it to the very people you consulted with further and getting feedback on what the final policy position looks like. Then you are going to put it in for two years without that feedback. It is the failure to consult on the fine-grained policy that I am critical of.

**Mr GARDNER:** Obviously the word I used in there is co-design. A lot of work has gone in with the Indigenous businesses and the community to actually design the changes to the policy.

**Mr DAVID SHOEBRIDGE:** Just to get this in context, we talked about 1 per cent, 3 per cent or the like, if you held the same dollar value for the contracts, say \$44 million or 0.2 per cent of contracts, where we should be at is closer to \$660 million for Indigenous businesses. That would actually be a meaningful change and that is why I suppose the failure to hit the target is hurting so much amongst Aboriginal communities. There is \$600 million that is not going into Aboriginal businesses and Aboriginal communities because you are not meeting your targets, Minister.

**The Hon. DAMIEN TUDEHOPE:** Unlike previous administrations we are actively working towards that target, Mr Shoebridge.

**Mr DAVID SHOEBRIDGE:** If we could go back onto bushfires. What assistance is the New South Wales Government giving to the thousands of home owners who have lost their homes? Their homes have burned down and many of them are uninsured. What assistance and how much money have you paid to home owners?

**The Hon. DAMIEN TUDEHOPE:** I think the figure is about 30 per cent uninsured. That is my understanding.

**Mr DAVID SHOEBRIDGE:** And in some places there are clusters that are uninsured, so it is really going to hurt in those places.

**The Hon. DAMIEN TUDEHOPE:** It is a difficult question in terms of what you do if people elect not to insure their properties, or perhaps they cannot afford to insure their properties, what the responsibility of government is in those sort of circumstances. Certainly the package that we have on the ground, which we are delivering at the moment in terms of cleaning up their sites, is a significant initial contribution towards that recovery for those home owners.

**Mr DAVID SHOEBRIDGE:** Minister, I welcomed that announcement when it came. I thought it was a good intervention by the Premier to ensure that every site is cleaned up.

**The Hon. DAMIEN TUDEHOPE:** But you are taking it to the next step, which is to say the rebuild and the extent to which the Government should be responsible in the rebuild phase.

**Mr DAVID SHOEBRIDGE:** My first question is really simple: How much money, if any, has the New South Wales Government provided to home owners who have had their homes burnt down in these bushfires?

**The Hon. DAMIEN TUDEHOPE:** An initial amount is in respect of the clean-up of their site, because a home owner whose home has burnt down in circumstances where they are insured generally has a component



of their insurance policy that covers clean-up costs. The Government is in fact picking up the tab for that clean-up cost on the basis that—

**Mr DAVID SHOEBRIDGE:** I accept that there is a clean-up. How many of those sites have been cleaned up?

**The Hon. DAMIEN TUDEHOPE:** I will take that on notice.

**Mr DAVID SHOEBRIDGE:** If you take on notice how many have been cleaned up and also how many you anticipate to clean-up.

**The Hon. DAMIEN TUDEHOPE:** Yes, sure.

**Mr DAVID SHOEBRIDGE:** Because it is probably in the order of a couple of thousand.

**The Hon. DAMIEN TUDEHOPE:** Yes, it is. I agree.

**Mr DAVID SHOEBRIDGE:** As I said, I am not criticising. That is a good policy initiative. A number of people, mayors and others, are very anxious about it.

**The Hon. DAMIEN TUDEHOPE:** Yes, sure.

**Mr DAVID SHOEBRIDGE:** I think the mayor of Shoalhaven has been doing some great work calling for that. It is a good policy response. But, apart from that clean-up, what if anything is the New South Wales Government paying to home owners who have seen their houses burn down?

**The Hon. DAMIEN TUDEHOPE:** I have no information in relation to any other money other than that. Well, certainly there is money available—

**Mr DAVID SHOEBRIDGE:** I will help you out, Minister. There is a scheme for the provision of whitegoods—

**The Hon. DAMIEN TUDEHOPE:** This is hardly a Small Business question, I have to tell you.

**Mr DAVID SHOEBRIDGE:** There is a scheme for the provision and payment of whitegoods and essential household furniture. It is a New South Wales Government scheme. It requires a New South Wales Government official to visit the house and confirm the house has been burnt down and then there are potentially some payments available for whitegoods and essential household furniture. Is that managed by Revenue NSW? If so, how many applications and what, if anything, has been paid?

**The Hon. DAMIEN TUDEHOPE:** To answer those questions, I think Mr Brady—

**Mr BRADY:** We do not administer that scheme.

**Mr DAVID SHOEBRIDGE:** When you were travelling around the State—when your staff was travelling around the State, did they have information about the scheme that they were providing to local communities?

**Mr BRADY:** Our engagement was through the business forums, rather than through individual householders. Service NSW has been providing direct engagement with individuals and through the bushfire recovery centres. I think it would be better placed to answer that question.

**The Hon. DAMIEN TUDEHOPE:** The scheme you are referring to is through the disaster recovery team, which is in Planning. I apologise for not being across the level of detail. It is hardly a Small Business question.

**Mr DAVID SHOEBRIDGE:** Minister, I can critique you on plenty of things but not being on top of something that is not in your ministerial portfolio.

**The Hon. DAMIEN TUDEHOPE:** Thank you.

**Mr DAVID SHOEBRIDGE:** Talking about something that is in your ministerial portfolio, amendments were made to the fines regime.

**The Hon. DAMIEN TUDEHOPE:** Correct.

**Mr DAVID SHOEBRIDGE:** In particular, the legislative amendment allowed for guidelines, under the amended section 23 of the fines administration legislation, for an application by a customer who has been issued with a penalty notice, who is in receipt of certain government benefits, to have their penalty halved, given their economic capacity to pay. Where are we up to on that? Where are the guidelines?

**The Hon. DAMIEN TUDEHOPE:** I have sent you a copy.

**Mr DAVID SHOEBRIDGE:** I have seen the guidelines.

**The Hon. DAMIEN TUDEHOPE:** I am glad you acknowledged that.

**Mr DAVID SHOEBRIDGE:** Where are we up to in terms of the implementation of it?

**The Hon. DAMIEN TUDEHOPE:** We are waiting from some feedback from you and other organisations. Mr Brady might have information about organisations.

**Mr BRADY:** Mr Smythe has been running that program.

**Mr DAVID SHOEBRIDGE:** I will give you my feedback now. They should be massively broadened. I will give it to you in more detail.

**The Hon. DAMIEN TUDEHOPE:** I am happy for you to give it to me.

**Mr SMYTHE:** They have been circulated broadly to a number of stakeholders. We are currently awaiting feedback so that we can take on board general currents especially. If there are particular issues that are raised that may have been missed, we can work those into a further draft.

**Mr DAVID SHOEBRIDGE:** Is the NSW Council of Social Service part of your consultation on this, Mr Smythe?

**The Hon. DAMIEN TUDEHOPE:** The community legal centres were. I do not know.

**Mr SMYTHE:** I will take that on notice. We do have a broad range, including the community legal centres, Aboriginal Legal Service and a broad range.

**Mr DAVID SHOEBRIDGE:** Is it your anticipation to have this in effect on and from 1 July? What is the implementation date?

**Mr SMYTHE:** That is our expectation.

**Mr DAVID SHOEBRIDGE:** Subject to the slow consultation that you have had.

**Mr SMYTHE:** Subject to the results of the consultation.

**Mr DAVID SHOEBRIDGE:** Minister, can I hold you to that anticipated 1 July implementation of the guidelines?

**The Hon. DAMIEN TUDEHOPE:** Well, subject to the consultation coming back, I think that that is not an unreasonable request.

**Mr DAVID SHOEBRIDGE:** Minister, there was a media release issued by your office, I think, but it might have been by the department, offering to place a hold on all fines and debt being administered by Revenue NSW for people in an area affected by natural disaster. Does this ring a bell?

**The Hon. DAMIEN TUDEHOPE:** It does.

**Mr DAVID SHOEBRIDGE:** How many applications have been made and how many have been granted?

**The Hon. DAMIEN TUDEHOPE:** You do not mind if Revenue answers that question?

**Mr DAVID SHOEBRIDGE:** No. We will get the numbers from them and the response from you, Minister.

**Mr BRADY:** As at 11 February there were 3,642 customers with outstanding fines or penalty notices worth \$6,467,757.94 impacted. We have been working with those customers individually around their circumstances.

**Mr DAVID SHOEBRIDGE:** When you say 3,642 customers, are they from bushfire-affected areas?

**Mr BRADY:** That is right.

**Mr DAVID SHOEBRIDGE:** Is that figure all of the people who have made an application or are they all of the customers from bushfire-affected areas?

**Mr BRADY:** I would like to take that on notice and clarify for you to give you the precise answer.

**Mr DAVID SHOEBRIDGE:** Are they people who have made application under the scheme or are they just the class of people who are affected? It is a pretty fundamental question, Mr Brady.

**Mr BRADY:** It is.

**Mr DAVID SHOEBRIDGE:** I am more than happy if you want to refer to some other papers to get the answer and I can come back to it.

**Mr BRADY:** Yes, perhaps if you could do that.

**Mr DAVID SHOEBRIDGE:** All right. Minister, the Parliament passed legislation last year, I think, to allow for enforcement action for unpaid ambulance fees to be taken by Revenue NSW. Do you remember that legislation?

**The Hon. DAMIEN TUDEHOPE:** Yes.

**Mr DAVID SHOEBRIDGE:** How many enforcement actions have been taken for unpaid ambulance fees and what is the quantum of unpaid ambulance fees that has been recovered by Revenue NSW?

**The Hon. DAMIEN TUDEHOPE:** Unless Revenue has a figure on that, I would have to take that on notice.

**Mr DAVID SHOEBRIDGE:** Mr Smythe?

**Mr SMYTHE:** I will have to take that on notice, Mr Shoebridge.

**Mr DAVID SHOEBRIDGE:** Could I then ask you about the work development orders? Do you have any data or material on the number of people accessing work development orders to pay off their debts in the last financial year or any other data about that for this financial year, Minister?

**The Hon. DAMIEN TUDEHOPE:** Again I will defer to Mr Brady in relation to that.

**Mr BRADY:** One moment, please.

**Mr DAVID SHOEBRIDGE:** You are in that information cul-de-sac, Mr Brady—it all ends up at your desk.

**Mr BRADY:** That is right.

**Mr DAVID SHOEBRIDGE:** It just goes there and ends.

**The Hon. DANIEL MOOKHEY:** Don't worry, we were much worse to him last time. It was 10,214 as of 6 September 2019, if it helps. There were 2,169 not-for-profits involved.

**Mr BRADY:** Sorry, I am having trouble finding the right data. We do have it.

**Mr DAVID SHOEBRIDGE:** While Mr Brady is looking for that—

**The Hon. DANIEL MOOKHEY:** Do you want the information from last time, Mr Shoebridge?

**Mr DAVID SHOEBRIDGE:** I had some numbers, yes.

**The Hon. DAMIEN TUDEHOPE:** The information I had as of December 2019 is that 77,000 vulnerable people have entered the program.

**The Hon. DANIEL MOOKHEY:** How many, sorry?

**Mr DAVID SHOEBRIDGE:** Seventy-seven thousand.

**The Hon. DAMIEN TUDEHOPE:** Seventy-seven thousand.

**Mr DAVID SHOEBRIDGE:** I am trying to square that with the figures that we had as of September 2019 when there were 10,200 or 10,214 that were on the scheme. Is 77,000 the people who are not just on but who have churned through the scheme or are on the scheme?

**The Hon. DAMIEN TUDEHOPE:** They might have been churned through the scheme.

**Mr DAVID SHOEBRIDGE:** Can we get the figure on how many were on the scheme?

**The Hon. DAMIEN TUDEHOPE:** Currently?

**Mr DAVID SHOEBRIDGE:** Yes.

**The Hon. DAMIEN TUDEHOPE:** Yes. I do not have that figure.

**Mr DAVID SHOEBRIDGE:** Have you had any luck, Mr Brady?

**Mr BRADY:** Still looking, I am afraid, Mr Shoebridge.

**Mr DAVID SHOEBRIDGE:** Minister, in the last minute, does any of the revenue generated from the gaming machine tax go into funding for services dealing with the impact of poker machines, such as domestic violence services or financial counselling? Do you direct any of the revenue?

**The Hon. DAMIEN TUDEHOPE:** I think there is a component of that revenue that goes into responsible service of alcohol programs.

**Mr GARDNER:** There is the responsible gambling levy that is imposed but that is by the Office of Responsible Gambling.

**Mr DAVID SHOEBRIDGE:** That is quite separate?

**Mr GARDNER:** Yes.

**Mr DAVID SHOEBRIDGE:** How much was recovered by the New South Wales Government on gaming machines?

**The Hon. DAMIEN TUDEHOPE:** Ms Wilkie may be able to provide you with an answer to that question.

**Ms WILKIE:** Gaming machine revenue from club and hotel gaming devices is forecast in the half-year review to grow by 0.4 per cent and 7.6 per cent per annum respectively over the four years. Sorry, which year did you want or did you want it for the four years?

**Mr DAVID SHOEBRIDGE:** For the last financial year and what you are budgeting for this.

**Ms WILKIE:** For 2018-19, club gaming devices were \$783 million; hotel gaming devices was \$862 million.

**Mr DAVID SHOEBRIDGE:** And what is the forecast?

**Ms WILKIE:** The forecast in 2019-20 is for \$750 million for club, \$939 million for hotel. Do you want the other out years as well?

**Mr DAVID SHOEBRIDGE:** Yes.

**Ms WILKIE:** For 2020-21, for club gaming devices is \$759 million and for hotel is \$1,006 million. For 2020-21, club is \$774 million and hotel is \$1,079 million.

**Mr DAVID SHOEBRIDGE:** That will do because I think beyond that we are getting speculative. Thanks.

**Mr BRADY:** Mr Shoebridge, I can answer your question about the work and development orders.

**Mr DAVID SHOEBRIDGE:** Yes, please.

**Mr BRADY:** As at 3 March there were 9,749 active work and development orders.

**The Hon. DAMIEN TUDEHOPE:** Which is a more consistent figure.

**Mr DAVID SHOEBRIDGE:** Yes.

**The Hon. DANIEL MOOKHEY:** Minister, let's just talk about coronavirus. I am sure we will have the opportunity with Treasury on Monday to explore the more macroeconomic effects but in terms of what has been reported publicly about small- and medium-sized enterprises, do we have any numbers about what we think is going to happen in terms of SME trade, revenue and recovery time?

**The Hon. DAMIEN TUDEHOPE:** Has Treasury done any modelling on that?

**Mr PRATT:** No, look, we will certainly, as you have indicated, Mr Mookhey, pick this up in detail. I have asked the Chief Economist to come to the Treasury session on Monday. We have done some early work but not detailed work yet.

**The Hon. DAMIEN TUDEHOPE:** I am aware of it anecdotally. I have been out to Burwood and Eastwood and Chinatown.

**The Hon. DANIEL MOOKHEY:** Yes, sure. But you are aware of media reports.

**The Hon. DAMIEN TUDEHOPE:** It is dramatic impact.

**The Hon. DANIEL MOOKHEY:** I agree with you that the impact is dramatic. To the extent to which other people have provided commentary, it is expected that the effect will be longer for coronavirus than it will be for bushfires. Do you accept that?

**The Hon. DAMIEN TUDEHOPE:** The Chief Economist is probably the best person to give an accurate picture in relation to that.

**The Hon. DANIEL MOOKHEY:** And, of course, you have seen reports and I am sure experienced yourself, as you just made reference to, that a lot of Australian Chinese, Korean and other Asian small businesses are experiencing even worse than lots of other SMEs.

**The Hon. DAMIEN TUDEHOPE:** Absolutely.

**The Hon. DANIEL MOOKHEY:** In fact many Australian Chinese businesses and especially restaurants are reporting fear that they might indeed be the victims of some prejudice about coronavirus. Of course, I am sure you will agree in joining me in saying that is unacceptable.

**The Hon. DAMIEN TUDEHOPE:** I do. Having said that, to characterise the downturn as having a racist component is probably a bit of a gloss.

**The Hon. DANIEL MOOKHEY:** I am not characterising it that way.

**The Hon. DAMIEN TUDEHOPE:** Just so long as we are clear. I think that there is a fear element in the community generally which needs to be measured against the expert advice in relation to what should be done in response to the coronavirus.

**The Hon. DANIEL MOOKHEY:** Have you directed the Office of Small Business Commissioner to provide assistance especially to those businesses in Burwood, Ashfield, Earlwood, Hurstville, as well any other small businesses to help assist them with the response to coronavirus?

**The Hon. DAMIEN TUDEHOPE:** I will get Mr Brady to articulate what the Office of Small Business is in fact doing.

**Mr BRADY:** We have been directed by the Minister to engage with those communities. We are in the process of planning an engagement with Business Connect and other resources to go out into those communities to get a deeper understanding of the impacts that are being seen. Then to formulate a response in conjunction with NSW Health and come up with an appropriate strategy, as the Minister said, to communicate how best to respond, to meet the public health perspective so that we can reduce some of the fear that is keeping people away from some of these businesses.

**The Hon. DANIEL MOOKHEY:** Minister, when do you expect that strategy to be operating?

**The Hon. DAMIEN TUDEHOPE:** It is early days, Mr Mookhey. To have a recovery strategy in place for a virus, the scenario of which has not yet—

**The Hon. DANIEL MOOKHEY:** It is an assistance for people to get through it.

**The Hon. DAMIEN TUDEHOPE:** In a sense it is a recovery strategy because we do not know. What we do now might not be appropriate tomorrow and might not be appropriate in a months' time. There is a long way to play out in relation to this. We are guided by the Office of the Small Business Commission, the Chief Economist and Treasury generally. In many respects there would not be a community that has not been impacted by this and there will be businesses generally across the board. As the infection rate expands, you would expect not only the Chinese businesses, which you have identified, to be impacted but potentially a number of others.

**The Hon. DANIEL MOOKHEY:** Which brings me to my next question. As you just said, you are expecting the businesses affected to grow over time and more businesses will be affected. Is the New South Wales Government in the process of developing an assistance program for SMEs that are suffering the downturns caused by COVID-19?

**The Hon. DAMIEN TUDEHOPE:** I think it is too early to tell. We are still gathering the data in relation to the impact of the coronavirus. Notwithstanding, I understand the import of the question you asked. It is an evolving situation where we will develop a response. The appropriate response at the moment is the health response. That is where a lot of the energy of the Government is focused.

**The Hon. DANIEL MOOKHEY:** Of course no-one is disputing the need for a comprehensive Health response, but just this week we saw Queensland announce a payroll tax deferral scheme for businesses that are affected by COVID-19 which allows them to defer their payroll tax for up to six months and, more importantly, allows them to self-assess as well. That is the latest initiative which has come from the Queensland Government. Queensland has also announced a \$7 million international tourism promotion campaign and a \$4.8 million program targeting their tourist regions. It has waived fees for fishers, it is waiving fees associated with liquor licenses, it is deferring tourism lease payments, it is abating marina and jetty fees and it is waiving quota fees for rock lobster and coral trout. These are all policies that it is doing to support the SME sectors that it thinks will be heavily impacted. I accept your point that it is early but we already have one government moving pretty comprehensively to help SMEs right now who are feeling cash flow pressure. Why is the New South Wales Government not looking to either match these schemes or introduce its own?

**The Hon. DAMIEN TUDEHOPE:** Because we may come up with different policies in many respects to reinvigorate communities which are affected, the ones that you have identified potentially may not be the same as what exist in Queensland. Their response is a matter for the Queensland Government. The New South Wales Government is taking a significant interest in the Health response. We will deliver a response. I would expect that because this is an Australian problem that there will have to be an Australian response and a Commonwealth response to this.

**The Hon. DANIEL MOOKHEY:** Minister, I accept you make the point that it is theoretically possible that the New South Wales Government at some point will have an assistance package. Hence I return to my earlier question: Are you working on one? Queensland has its already in the field, New South Wales does not. Are you working on one and, if so, when are we going to see it?

**The Hon. DAMIEN TUDEHOPE:** The answer is, unless—

**Mr PRATT:** Can I make a comment? We have done a lot of macro work and we will talk about that on Monday. We are trying to understand the dimensions of what this might look like on the back of drought and bushfire. We built a reduction in gross state product into the half year for drought. We have had the added impact of bushfire and of course the coronavirus which is still playing out. You would have seen we have announced a tourism package of \$10 million already, which is to attract more domestic tourism and local.

**The Hon. DANIEL MOOKHEY:** Arising from the bushfires?

**Mr PRATT:** From the bushfires. We are really in information-gathering mode right now. The Chief Economist is running some forums, which we will talk about on Monday including small business to get the degree of feedback we need to formulate policy. We are still in that mode right now.

**The Hon. ROSE JACKSON:** Minister, small businesses in New South Wales which you are responsible for are hurting right now. The dimensions of the challenge may change, that is true, but right now in our communities small businesses are hurting. You have heard the reports as well as I have of 80 per cent downturn, staff being laid off. They cannot wait.

**The Hon. NATALIE WARD:** Is there a question?

**The Hon. ROSE JACKSON:** These are not big businesses that can afford to wait for a response. What are you going to do right now for small businesses who are looking for leadership from this Government in this economic crisis?

**The Hon. DAMIEN TUDEHOPE:** In the same way that we led the response in relation to bushfire recovery, when the data to support the response in relation to coronavirus is available, the Government will have a response. It will be a coordinated response, I anticipate, with the Commonwealth in terms of their response and the impact on business in relation to the range of circumstances which the secretary has just addressed. The impact on the Commonwealth Government and the New South Wales Government is going to be massive as a result of the disaster events.

**The Hon. ROSE JACKSON:** Local government is acting. Local governments have made decisions; they are acting right now. Why can't the State Government act?

**The Hon. DAMIEN TUDEHOPE:** I am not sure that that is entirely right but you might want to give—

**The Hon. ROSE JACKSON:** Have a look at what Ryde is doing, and they are not the only council.

**The Hon. DAMIEN TUDEHOPE:** Let me ask you what Ryde is doing. Ryde council has offered a package of people coming and offering \$2,000 cash grants. How many have they in fact dispensed?

**The Hon. ROSE JACKSON:** I will ask the questions.

**The Hon. DAMIEN TUDEHOPE:** If you want to use Ryde, I do not think it is necessarily a good example.

**The Hon. DANIEL MOOKHEY:** Procurement NSW administers the whole-of-government cleaning contract, is that correct?

**Mr GARDNER:** No.

**The Hon. DAMIEN TUDEHOPE:** No.

**The Hon. DANIEL MOOKHEY:** So Procurement NSW is not responsible for compiling and hiring the whole-of-government cleaning contract?

**Mr GARDNER:** That is correct.

**The Hon. DANIEL MOOKHEY:** Who does do that?

**Mr GARDNER:** The Department of Planning, Industry and Environment [DPIE].

**The Hon. DANIEL MOOKHEY:** Do you have involvement in that? The contract is signed off through the Minister for Finance, is it not?

**The Hon. DAMIEN TUDEHOPE:** No.

**Mr GARDNER:** No.

**The Hon. DANIEL MOOKHEY:** In terms of the contract with Broadspectrum, that is not you?

**Mr GARDNER:** No.

**The Hon. DANIEL MOOKHEY:** When did that change? This was led in the past by the Department of Finance, Services and Innovation [DFSI]. We were asking your predecessor about those questions two years ago.

**Mr GARDNER:** That would have been in the context of Property NSW being a part of DFSI. Property NSW is obviously now a part of DPIE.

**The Hon. DANIEL MOOKHEY:** That make sense. Let us move on. Mr Brady is acting as the Small Business Commissioner, is that correct?

**The Hon. DAMIEN TUDEHOPE:** Correct.

**The Hon. DANIEL MOOKHEY:** And that is because Ms Hobbs is ill?

**The Hon. DAMIEN TUDEHOPE:** Ms Hobbs has resigned.

**The Hon. DANIEL MOOKHEY:** When did Ms Hobbs resign?

**Mr PRATT:** It was the end of last year.

**The Hon. NATALIE WARD:** After the last budget estimates.

**Mr PRATT:** Ms Hobbs was on a period of extended leave.

**The Hon. DANIEL MOOKHEY:** The website still lists Ms Hobbs as being the Small Business Commissioner—as of yesterday. There is a picture of you, Mr Tudehope, and a picture of Ms Hobbs. Why is that?

**The Hon. DAMIEN TUDEHOPE:** I have not visited the site that you are talking about.

**Mr SMYTHE:** I was not aware.

**The Hon. DAMIEN TUDEHOPE:** It needs updating.

**The Hon. DANIEL MOOKHEY:** And you are Acting Commissioner?

**The Hon. DAMIEN TUDEHOPE:** Mr Brady is the Acting Commissioner.

**The Hon. DANIEL MOOKHEY:** How long were you acting prior to Ms Hobbs' resignation?

**Mr BRADY:** I commenced on 25 September.

**The Hon. DANIEL MOOKHEY:** Do you have advice on how long Mr Brady will be acting?

**The Hon. DAMIEN TUDEHOPE:** There is an active recruitment process ongoing at the moment. I anticipate that that will be concluded in the next month.

**The Hon. DANIEL MOOKHEY:** So we will have a new Small Business Commissioner in the next month, you expect?

**The Hon. DAMIEN TUDEHOPE:** I not only expect it, I am hopeful that that will be the case.

**The Hon. DANIEL MOOKHEY:** I presume that will be a full-time position?

**The Hon. DAMIEN TUDEHOPE:** Indeed.

**The Hon. DANIEL MOOKHEY:** I presume that you still maintain confidence in the Office of the Small Business Commissioner?

**The Hon. DAMIEN TUDEHOPE:** Absolutely. I am glad you asked me that question because it is an important thing to put on the record now. Robyn Hobbs acted as the Small Business Commissioner for a period of five years. The legacy that she has left in terms of the establishment of the Small Business Commission is going to be very difficult to emulate by her successor.

**The Hon. DANIEL MOOKHEY:** That is quite insulting to Mr Brady.

**The Hon. DAMIEN TUDEHOPE:** No, I am not. In fact, I am very happy with Mr Brady. Robyn Hobbs has been a significant contributor to the public service in New South Wales and the establishment of the Small Business Commissioner, her involvement in advocacy on behalf of small businesses, her involvement in establishing a very significant mediation service by the Office of Small Business and her advocacy in respect of businesses which were impacted either by drought or disaster is really second to none. For the purpose of getting that on the record, I am, and was prior to her resignation, a great admirer of Robyn Hobbs and I think it ought to be acknowledged, the contribution that she has made.

**The Hon. DANIEL MOOKHEY:** I am the first to acknowledge it. Minister, are you contemplating removing any objectives or functions of the Small Business Commissioner?

**The Hon. DAMIEN TUDEHOPE:** There is a review of the Small Business Commissioner Act currently underway. I do not necessarily anticipate any amendment to the Act as it currently stands.

**The Hon. DANIEL MOOKHEY:** You have issued a discussion paper.

**The Hon. DAMIEN TUDEHOPE:** Indeed.

**The Hon. DANIEL MOOKHEY:** It says, among other things, "What, if any, objectives or function should be removed from the Act and why?" The objectives and functions of the Act are to receive and deal with complaints made by or on behalf of small businesses; to investigate or refer complaints; to provide low-cost alternative dispute resolution; to make representations and act for small business, including in legal proceedings; to conduct investigations; to support the development of industry codes; and to advise the Minister on matters affecting small business. Why are you even asking whether those functions should be reduced?

**The Hon. DAMIEN TUDEHOPE:** I might, if I may, in fact expand on those.

**The Hon. DANIEL MOOKHEY:** I was about to ask you whether you could expand on this list.

**The Hon. DAMIEN TUDEHOPE:** Potentially. I will get Ms Wilkie to in fact expand on that.

**Ms WILKIE:** As the small business strategy discussion paper says, the purpose for having that question in the discussion paper is to make sure that we comply with the requirement for a statutory review. That question is a question to seek—there has already been some consultation undertaken for the statutory review where I do not think we received any submissions on that Have Your Say process. Because we were doing the review and refresh of the strategy, we thought this was a good opportunity to put this in. In fact, at this stage from the work we have done so far and the consultations we have undertaken, we are unlikely to make any changes to the Act. But that question is in there for the purposes of supporting the compulsory review.

**The Hon. DANIEL MOOKHEY:** Thank you, Ms Wilkie. Minister, do you recall the fall of Ostwald Brothers, the construction company that was working for the New South Wales Government on the Pacific Highway upgrade?

**The Hon. DAMIEN TUDEHOPE:** I do.



**The Hon. DANIEL MOOKHEY:** And do you recall that that collapse led to 23 contractors losing \$7.5 million.

**The Hon. DAMIEN TUDEHOPE:** I do.

**The Hon. DANIEL MOOKHEY:** Do you recall that your predecessor referred that to the Small Business Commissioner to investigate?

**The Hon. DAMIEN TUDEHOPE:** The answer is yes. I do not recall it necessarily but I understand it was.

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

**The Hon. DAMIEN TUDEHOPE:** The outcome, to the best of my knowledge, Mr Mookhey, was the Government made ex gratia payments to those small businesses.

**The Hon. DANIEL MOOKHEY:** Sure, but that was not necessarily what was referred for investigation. What was referred for investigation, or at least what your predecessor purported was referred to investigation, was the circumstances which led to their involvement in a New South Wales government project, particularly the procurement framework that allowed it. I am asking what was the outcome of the investigation into those respects.

**Mr PRATT:** Mr Mookhey, I might take that on notice. But if it is the one that I think it is, it is still under review. But I will get that confirmed.

**The Hon. DANIEL MOOKHEY:** It was referred nearly in 2018. We are now into 2020. Incidentally, this company has phoenixed and returned to the marketplace. We have confirmed on notice that the investigation has been done.

**Mr PRATT:** Right.

**The Hon. DANIEL MOOKHEY:** Can we get confirmation that the investigation is complete?

**Ms WILKIE:** We will have to take it on notice.

**The Hon. DAMIEN TUDEHOPE:** I am happy to take it on notice but I am just curious as to what the terms of reference of any investigation would be.

**The Hon. DANIEL MOOKHEY:** So are we.

**The Hon. DAMIEN TUDEHOPE:** I agree.

**The Hon. DANIEL MOOKHEY:** I was going to ask you: What were the terms of reference that were referred for investigation?

**The Hon. DAMIEN TUDEHOPE:** It was certainly done before my time, Mr Mookhey, but I would have to say that if the principal terms of reference, which were referred to the Office of the Small Business Commissioner, were in respect of the small businesses which were left out of pocket—

**The Hon. DANIEL MOOKHEY:** No, it was not. Your predecessor publicly said that he was looking to refer this to figure out effectively why they were allowed in the first place. It was helpful and no-one is disputing the fact that the New South Wales Government made ex gratia payments. It is a good thing. But this arose because it was the second time this happened on New South Wales government road projects. It happened as well on the road out of Riverstone as well when we had a subcontractor collapse on Roads and Maritime Services guidelines.

**Mr DAVID SHOEBRIDGE:** Don't let the shonks get a contract in the first place.

**The Hon. DANIEL MOOKHEY:** This is the point. What changes have you made particularly in construction projects in relation to companies that are not appearing and not paying their subcontractors, declaring bankruptcy and then phoenixing. That is the change that they want under the procurement guidelines.

**The Hon. DAMIEN TUDEHOPE:** Yes.

**The Hon. DANIEL MOOKHEY:** You have had two years on this investigation. It is not an unreasonable time for us to ask: What is the outcome?

**The Hon. DAMIEN TUDEHOPE:** I am entirely inside in relation to the question of phoenixing and how that should be handled. However, in relation to the specific question that you ask I will take it on notice. I will give you a complete answer.

**The Hon. DANIEL MOOKHEY:** Can we identify at least whether or not Ostwald Construction, or in their new form where they are called Ostwald Brothers, that they are not getting any New South Wales government contracts? Will you take that on notice as well so that you can check?

**The Hon. DANIEL MOOKHEY:** I will. Yes, thank you. I will take that on notice.

**The Hon. DANIEL MOOKHEY:** If we can get some answers on this this afternoon that would be most helpful as well—if it is possible, of course, accepting that you have taken it on notice. Minister, where are we up to in terms of your promise that the Small Business Commissioner would visit every business that has been affected by the Parramatta Light Rail?

**The Hon. DAMIEN TUDEHOPE:** I should ask the Small Business Commissioner because it is something that is a policy position of the Small Business Commissioner and it is a policy of—

**The Hon. DANIEL MOOKHEY:** Well, you directed them to, so where are we up to?

**The Hon. DAMIEN TUDEHOPE:** I did. That is right.

**Mr BRADY:** As at 2 August last year we had reached out to 346 businesses along the route to hear their comments and concerns. So we have taken that into account and worked with Transport for NSW. We are also providing mediation advice between landlords and tenants.

**The Hon. DANIEL MOOKHEY:** I am sorry, Mr Brady, that is the answer the Minister gave in the House. I want to know what has happened since then. Have we visited any more? You said in the House that there was a thousand or more than a thousand and I was asking you as well about whether or not they had commenced consultation with the businesses that would be affected by stage two? This was your promise to the House. How did we go?

**The Hon. DAMIEN TUDEHOPE:** The light rail?

**The Hon. DANIEL MOOKHEY:** The Parramatta Light Rail. Do we have any more up-to-date figures?

**Mr BRADY:** The most recent information is that we had retail and commercial leasing workshops held in July between landlords and tenants, developers and their advisers. That was a joint initiative between ourselves and Transport for NSW and Realise Business. I do not have more information than that, Mr Mookhey. I can take that on notice.

**The Hon. DANIEL MOOKHEY:** We might resume.

**Mr DAVID SHOEBRIDGE:** Just on that, surely we learned the lessons from the eastern suburbs light rail, which was that you have got to talk to small businesses early. You have got to hear their input and particularly you have got to hear their input about what your construction timetables will be like.

**The Hon. DAMIEN TUDEHOPE:** That is right, 100 per cent.

**Mr DAVID SHOEBRIDGE:** If you are going to tell us that the last time you met with them was in August, it does not provide a large amount of comfort that the lessons have been learned, Mr Brady.

**The Hon. DANIEL MOOKHEY:** You did promise this.

**Mr BRADY:** I am referring to the Small Business Commission's engagement. Transport for NSW is engaging regularly with those businesses. They have established a number of place-based managers to engage with and communicate regularly with those small businesses.

**The Hon. DANIEL MOOKHEY:** You promised to do this regularly.

**Mr DAVID SHOEBRIDGE:** But, Mr Brady, if there is a purpose for having a Small Business Commissioner surely this is it. This is your moment, this is the time to shine, to go and talk to those small businesses who you know will be impacted.

**Mr BRADY:** And we have and we have taken the lessons learned from—

**Mr DAVID SHOEBRIDGE:** But it was in July and August. We are in March.

**Mr BRADY:** This is a long-term project and we will be engaging through the course of the project at regular check-ins of how things are progressing. But the main thing is we are working with those small businesses and working with Transport for NSW and taking the lessons learned from the Sydney light rail and ensuring that there is that stronger engagement on the ground between the organisation responsible for constructing the project and those small businesses to ameliorate the impacts.

**Mr DAVID SHOEBRIDGE:** Minister, are you going to be looking at this closely to ensure that there is far more direct engagement between the Small Business Commission and Commissioner and this project over the next few months?

**The Hon. DANIEL MOOKHEY:** Given your promise.

**The Hon. DAMIEN TUDEHOPE:** I am absolutely committed to it and in fact I have to say that there are significant savings to the Government by being committed at an early stage to making sure that we stage the development in circumstances where it has the least impact on those businesses. You do not necessarily do the construction in Eat Street in Parramatta during the course of their busiest time.

**Mr DAVID SHOEBRIDGE:** Correct. But unless you are out there meeting with those small businesses and talking with them as—I am sure—the planning is happening and the timetabling is happening right now—

**The Hon. DAMIEN TUDEHOPE:** It is.

**Mr DAVID SHOEBRIDGE:** Unless you are talking to the small businesses and feeding that back, you have not learned the lessons of the eastern suburbs light rail, have you?

**The Hon. DAMIEN TUDEHOPE:** I beg to differ. I think the recommendations of the King review have been taken on board by the Government and we will—

**Mr DAVID SHOEBRIDGE:** But the last input that we have on the record from the Small Business Commissioner is from August. We have not had anything else. I am happy to give Mr Brady the opportunity to tell us anything that they have done since August last year in terms of working with small businesses on the light rail to correct the record. From what I have heard, the last activity from the Small Business Commissioner was in August last year. Mr Brady?

**Mr BRADY:** That was our last direct engagement with the businesses, but we have maintained regular engagement with Transport for NSW. We held our first steering committee for the major infrastructure impacts group just over a week ago, where we were again talking with Transport about the way we are looking at the impacts on small businesses in the early stages of planning for projects. We are continuing to engage with the project. We will go back and visit with the small businesses regularly through the course of that project to ensure that their concerns are being taken into consideration.

**The Hon. DAMIEN TUDEHOPE:** He is right. I do not resile from that.

**Ms WILKIE:** Mr Shoebridge, the plan that the Small Business Commissioner has in this space is to do the street-walking exercise every six months. That was due to happen again in February but the staff who were going to be doing that are currently out doing the business connection engagement in the bushfire-affected areas. That has been overtaken by the other more crucial, urgent or immediate response for the bushfires.

**Mr DAVID SHOEBRIDGE:** These are urgent and important problems that I am sure everyone faces. This is important and it cannot fall to the side because we have other urgent work. Maybe you need more staff, Minister. As you say, letting this one just roll on without the engagement is going to cost more in the long run.

**The Hon. DAMIEN TUDEHOPE:** I agree with you, Mr Shoebridge. But one of the important things we have done, of course, is move the office of the Small Business Commissioner to Parramatta. That will—

**Mr DAVID SHOEBRIDGE:** If only they were out talking to the businesses. I would celebrate that. It would be much easier.

**The Hon. DAMIEN TUDEHOPE:** I think the observation made by Ms Wilkie is entirely correct.

**Mr DAVID SHOEBRIDGE:** Minister, what is the change in policy settings on the gaming machine revenue that will see the revenue from clubs reducing in nominal dollars—not even real dollars—over the next three years when hotel revenue is increasing well above the consumer price index [CPI] rate? Is this a gift to the clubs industry?

**The Hon. DAMIEN TUDEHOPE:** I will let Mr Pratt answer that question.

**Mr DAVID SHOEBRIDGE:** My question is really about a policy point, Minister. That falls to you.

**The Hon. DAMIEN TUDEHOPE:** It is probably either a policy position adopted by the Minister responsible or, alternatively, a renegotiated contract with clubs.

**Mr DAVID SHOEBRIDGE:** Mr Pratt?

**Mr PRATT:** I would have to come back to you with the detail on that.

**Ms WILKIE:** It is not a policy shift; it is a shift in activity between clubs and hotels from patrons that is causing that shift in revenue.

**Mr DAVID SHOEBRIDGE:** Is it anticipated that there will be significantly more patrons using gaming machines in hotels over the next three years? It is going up from \$862 million to almost \$1.1 billion.

**Ms WILKIE:** That is right. It is the shift in patrons and it is because there is a higher duty rate that is paid by hotels compared to clubs. But that is not a recent change in policy. That is an existing factor in the tax system.

**Mr DAVID SHOEBRIDGE:** Again, Minister—and I do not know if this part has been taken on notice—was anyone able to identify if any of that money has been allocated to services that deal with the impact of poker machines, such as domestic violence services or financial counselling?

**The Hon. DAMIEN TUDEHOPE:** I will take that on notice but I am vaguely aware that a component, in terms of the administration of that industry, is allocated to—

**Mr DAVID SHOEBRIDGE:** The responsible service of alcohol.

**The Hon. DAMIEN TUDEHOPE:** And responsible gaming. I think there is a corresponding—

**Mr DAVID SHOEBRIDGE:** Can we get any details you have on notice?

**The Hon. DAMIEN TUDEHOPE:** Yes, certainly.

**Mr DAVID SHOEBRIDGE:** Mr Brady, did you have any luck in determining whether the 3,642 customers were the ones who had made applications from bushfire-affected areas for assistance on fines?

**Mr BRADY:** I am waiting on clarification.

**Mr DAVID SHOEBRIDGE:** Do you know how many applications have been granted to bushfire-affected residents?

**Mr BRADY:** These are individual discussions depending on the nature of their circumstances.

**Mr DAVID SHOEBRIDGE:** I do not want to know about Mr or Mrs Smith; I want to know the number. The media release went out for this initiative. How many fines have actually been put on hold because of this policy?

**Mr BRADY:** I will have to come back to you.

**Mr DAVID SHOEBRIDGE:** Any?

**Mr BRADY:** I do not have the data but I am sure there will have been.

**Mr DAVID SHOEBRIDGE:** Can we maybe try to get an answer after lunch? Can we expect that, Mr Brady?

**Mr BRADY:** I will try to get the data for you.

**Mr DAVID SHOEBRIDGE:** Did you get anywhere on the data for ambulances?

**Mr BRADY:** We have taken that on notice.

**Mr DAVID SHOEBRIDGE:** Minister, there is going to be a substantial amount of rebuilding happening as part of the bushfire recovery process. Would you agree with that?

**The Hon. DAMIEN TUDEHOPE:** Correct.

**Mr DAVID SHOEBRIDGE:** What are you doing to ensure that there is local procurement for that rebuild? One of the most obvious cases I could point you to would be ensuring that Australian steel is used in the reconstruction efforts, including for residential houses in bushfire-prone areas. What are you doing to ensure that Australian workers and Australian steel are used in this rebuild?

**The Hon. DAMIEN TUDEHOPE:** I will let Mr Gardner talk about the detail of our policy, but I have issued a direction to the Procurement Board around the use of local small businesses for the rebuild by agencies. To the extent that we are in a position to do that for independent rebuild circumstances, we do not necessarily have any say in respect of those rebuilds. A person who is insured does not necessarily come under the auspices

of the Government for the control of that rebuild. The contractor for that rebuild is often negotiating with the insurance company.

**Mr DAVID SHOEBRIDGE:** But as the finance Minister, who is responsible for the procurement policy within the New South Wales Government, have you met with, for example, BlueScope and asked, "To what extent can we use your steel in the procurement and how can we work together on this?"

**The Hon. DAMIEN TUDEHOPE:** I certainly have not sat down with BlueScope and I think the decisions in relation to the rebuild by the insurance industry are a matter for the individual insurers and the individuals insured.

**Mr DAVID SHOEBRIDGE:** But the New South Wales Government is going through a process of replacing—and I commend some of the work that is being done in this area—and rebuilding, for example, public schools.

**The Hon. DAMIEN TUDEHOPE:** Yes, and they were all open at the start of the school year,

**Mr DAVID SHOEBRIDGE:** Yes, and I am on the record saying that was a major achievement for the Department of Education.

**The Hon. DAMIEN TUDEHOPE:** They used all local tradies to do the work.

**Mr DAVID SHOEBRIDGE:** They did. But did they use Australian steel and is the procurement policy to ensure that they use Australian steel in that?

**Mr GARDNER:** The short answer is no.

**Mr DAVID SHOEBRIDGE:** Why not? Why are we not? Most of those schools have steel structures in them because that is the best way of meeting the BAL-40 requirements. Why are you not mandating that it needs to be Australian steel that is used and that we keep the jobs in Australia for that key manufacturing asset?

**The Hon. DAMIEN TUDEHOPE:** I understand the argument you are making, Mr Shoebridge. But we do not mandate where we buy trains, for example. What we do mandate is Australian standards. That is what we mandate. We say that building codes need to comply with Australian standards. That is what we mandate, Mr Shoebridge.

**Mr DAVID SHOEBRIDGE:** Why do you not mandate the use of Australian steel in New South Wales Government projects when we know that it would provide a real benefit to, amongst other places, the Illawarra region, as well as certainty and security for one of the most significant employers and a core part of an entire manufacturing base? Why do you not do that?

**The Hon. DAMIEN TUDEHOPE:** There would probably be all sorts of constitutional and free trade issues that would arise in relation to such a mandated order. We have obligations under a whole range of free trade agreements, which would prevent us—in fact it would be illegal to mandate it.

**Mr DAVID SHOEBRIDGE:** You did it for the Broken Hill pipeline.

**The Hon. DAMIEN TUDEHOPE:** I am not aware of the specifics of that pipeline.

**Mr DAVID SHOEBRIDGE:** Do you want to take that on notice, on whether or not if you can do it for the Broken Hill pipeline why you cannot do it for the rebuild that is happening following these fires? I am more than happy for you to take it on notice.

**The Hon. DAMIEN TUDEHOPE:** What did we do for the Broken Hill pipeline?

**Mr DAVID SHOEBRIDGE:** There was a mandate for Australian steel to be used in the Broken Hill pipeline.

**The Hon. DANIEL MOOKHEY:** Fifty per cent of it. Your predecessor—

**Mr DAVID SHOEBRIDGE:** Daniel, I cannot do it with you in my ear.

**The Hon. BEN FRANKLIN:** It is a strange day when David Shoebridge is the polite one.

**The Hon. DAMIEN TUDEHOPE:** I am happy to take it on notice.

**Mr DAVID SHOEBRIDGE:** You will take it on notice?

**The Hon. DAMIEN TUDEHOPE:** Yes.

**Mr DAVID SHOEBRIDGE:** I think the balance of my questions will be in some more detail this afternoon.

**The Hon. DANIEL MOOKHEY:** Minister, let us just resume our conversation about the Parramatta Light Rail. Can you confirm whether or not you have met with the Parramatta Speedway?

**The Hon. DAMIEN TUDEHOPE:** I have not.

**The Hon. DANIEL MOOKHEY:** Why not?

**The Hon. DAMIEN TUDEHOPE:** They have not made an appointment to see me.

**The Hon. DANIEL MOOKHEY:** I think they have sent you correspondence that they sent to every member of Parliament about the fact that their speedway is being moved.

**The Hon. DAMIEN TUDEHOPE:** I do not recall ever receiving correspondence, but that does not mean that is wrong; I just do not recall.

**The Hon. DANIEL MOOKHEY:** You can understand, of course, why they would be a little bit anxious.

**The Hon. DAMIEN TUDEHOPE:** Sure.

**The Hon. DANIEL MOOKHEY:** Has the Small Business Commissioner engaged with Parramatta Speedway?

**Mr BRADY:** Not in the time that I have been in the role.

**The Hon. DANIEL MOOKHEY:** Do you know whether your office has done it prior?

**Mr BRADY:** I would have to take that on notice.

**The Hon. DANIEL MOOKHEY:** In respect to the, I think at the earliest point, 160 properties that are going to be acquired as part of the western metro project, and including the disruption to a lot of businesses that are going to be forced to leave the area, are you adopting the identical program for the Parramatta Light Rail as you are for the western metro—that is, the mandatory requirement for the Small Business Commissioner to go and meet them?

**The Hon. DAMIEN TUDEHOPE:** We will be. It is early days, but yes, the Small Business Commissioner will, in fact, be part of the process of getting a snapshot in many respects of the impact of the delivery of that infrastructure on those small businesses, understanding what their position is in relation to their rental agreements, understanding what their position is in respect of downturn in traffic, and all sorts of things which impact on those small businesses. The short answer to your question is there are now a whole range of things which are all learnings from the CBD light rail—or, as Mr Shoebridge calls it, the eastern suburbs light rail—which we, as a result of the upper House inquiry and now there is subsequently the King report, are taking on board and which is a process we will adopt.

**The Hon. DANIEL MOOKHEY:** I do appreciate that, Minister, but when did you issue the direction for the Small Business Commissioner to go and see all those businesses?

**The Hon. DAMIEN TUDEHOPE:** It is a standing direction. In fact, it is a standing policy position which we have in respect of the delivery of infrastructure.

**The Hon. DANIEL MOOKHEY:** If it is a standing policy and it is a standing direction, how many have they visited?

**The Hon. DAMIEN TUDEHOPE:** Perhaps Mr Brady might have some idea in relation to that.

**Mr BRADY:** The Minister raised this issue with us a couple of months ago, I think it was, and we have been in discussions with Transport for NSW about the appropriate timing for us to go out and visit those sites. I think that is planned for the next couple of months; we will be going out and doing the street walks and meeting with all those affected businesses.

**The Hon. DANIEL MOOKHEY:** Have you identified how many are affected, either directly or through a dialogue with Transport for NSW?

**Mr BRADY:** It is fairly early days, but we do have some initial numbers. I will have to take the question on notice and get that back to you.

**The Hon. DANIEL MOOKHEY:** When do you anticipate that you will have completed your dialogue with them given the acquisition process is kicking off?

**Mr BRADY:** As I said, we will be kicking off the engagement with those small businesses in the next couple of months, and given that there is a significant number of them it will take us a period of time to get through and speak to everyone.

**The Hon. DANIEL MOOKHEY:** Minister, can you update us on the promise you made to us last time to chat with the WaterNSW board about the Wentworth to Broken Hill pipeline?

**The Hon. DAMIEN TUDEHOPE:** It has not occurred yet.

**The Hon. DANIEL MOOKHEY:** You have not spoken to them?

**The Hon. DAMIEN TUDEHOPE:** Not yet. Did I give that undertaking?

**The Hon. DANIEL MOOKHEY:** You certainly did. If you recall—

**The Hon. DAMIEN TUDEHOPE:** You have got the *Hansard*, have you?

**The Hon. DANIEL MOOKHEY:** I certainly do. You recall we were having a dialogue about the relief that has been offered them in terms of the capital recovery of expenditure. Do you recall that dialogue we had?

**The Hon. DAMIEN TUDEHOPE:** Yes.

**The Hon. DANIEL MOOKHEY:** Do you want me to read you the transcript?

**The Hon. DAMIEN TUDEHOPE:** Yes, I am happy for you to do that.

**The Hon. DANIEL MOOKHEY:** You say:

I understand that there is controversy.

I say:

And you accept that the Government had to introduce some transitory relief that will not be recovered until at least 2022?

You say:

I accept what you are saying.

Then I say:

The community is calling for that policy to be continued, given that they are in drought and they are recovering from drought.

You say:

It is not entirely unreasonable.

I say:

It is not entirely unreasonable. I am not trying to politicise it. I am asking because the only way in which this is possible is if there is adjustment to the commercial requirements of WaterNSW—and to be fair, the Independent Pricing and Regulatory Tribunal [IPART] as well.

You say:

And you would be conscious of the fact that this is probably a pretty good development, the pipeline?

We have a bit of a fight about the pipeline and then you say:

Well, we have got water supply to Broken Hill.

I say:

You might want to tread lightly ... it is a controversial issue. My only question to you is: Are you prepared to talk with the WaterNSW board about heeding that call from the Broken Hill community?

You say:

I am happy to discuss that with them, yes.

I can give you that if you want.

**The Hon. DAMIEN TUDEHOPE:** No, I will take that—



**The Hon. DANIEL MOOKHEY:** So the relief is about \$500 million of capital expenditure being recovered from 19,000 residents. The relief is in place until 2022. People want to know whether or not they are going to have to pay for the Broken Hill pipeline after 2022. Last time you said you would talk to the WaterNSW board. You have come back now and said that you have not yet had that conversation. When will you be having that conversation?

**The Hon. DAMIEN TUDEHOPE:** I continue to give that commitment, but I think it has got to be against the background of—

**The Hon. DANIEL MOOKHEY:** It is just a simple question. Are you going to talk to the board and when?

**The Hon. DAMIEN TUDEHOPE:** I think it is against the background of the water Minister should potentially be setting the policy in coming—

**The Hon. DANIEL MOOKHEY:** We had this discussion at the last estimates.

**The Hon. NATALIE WARD:** Let him answer.

**The Hon. DAMIEN TUDEHOPE:** I am the shareholding Minister in relation to WaterNSW. I do not set the policy relating to that organisation.

**The Hon. DANIEL MOOKHEY:** Minister, I think I have to explain to you your powers here. You are one of the shareholding Ministers, as is the Treasurer. It is your responsibility, for example, to accept the commercial policies that they apply, including the Treasury commercial framework. You actually have a lot of power in this regard about whether or not they are in a position. For what it is worth, WaterNSW upped its dividends to the New South Wales Government from \$33 million to \$98 million in 2017-18, so they had the money. At the same time the pipeline was being turned on, the New South Wales Government was extracting more dividends from WaterNSW—that is what has come back in the last estimates hearing. You, as the finance Minister, the shareholding Minister, have the power to talk to the board about their commercial requirements and the amount of dividends they have to pay you. You did not actually contest this in the last estimates.

**The Hon. DAMIEN TUDEHOPE:** In fact, I think there is—

**The Hon. DANIEL MOOKHEY:** Sorry, Minister, let me finish. It is a really simple question. You made a promise to us last time that you were going to go and talk to the board. Are you still going to go and talk to the board and when can we expect that discussion to take place?

**The Hon. DAMIEN TUDEHOPE:** I have spoken to representatives of the board, but this issue was not raised.

**The Hon. DANIEL MOOKHEY:** Will you raise it?

**The Hon. DAMIEN TUDEHOPE:** To the extent that you raise it again, I will raise it and I will come back to you with an answer.

**The Hon. DANIEL MOOKHEY:** Thank you, Minister, I appreciate that. Since we last chatted about wage theft we have had the monster of all scandals erupt, which is Woolworths' \$300 million underpayment of their workforce; we have had Coles come out and say, since we last chatted, \$20 million, and once you factor in further groups, at least since we last chatted, underpayments are circa \$500 million. I do not want to repeat the exact same conversations we have had in previous estimates rounds, but I presume you are going to maintain your view that the privacy of these companies takes precedence and you cannot tell us whether or not Revenue NSW is investigating.

**The Hon. DAMIEN TUDEHOPE:** I can tell you that they are investigating.

**The Hon. DANIEL MOOKHEY:** They are investigating? They are investigating Coles and Woolworths?

**The Hon. DAMIEN TUDEHOPE:** Again, we have discussed this ad nauseam.

**The Hon. DANIEL MOOKHEY:** And we will continue to.

**The Hon. DAMIEN TUDEHOPE:** You are aware of the provisions of the Taxation Administration Act, as you should be, having conducted proceedings in the Administrative Appeals Tribunal in relation to it, but I will again get Mr Brady to articulate the response—



**The Hon. DANIEL MOOKHEY:** I am happy to hear from Mr Brady, but the specific question I want to ask is: Are Coles and Woolworths being investigated?

**The Hon. DAMIEN TUDEHOPE:** Mr Brady?

**Mr BRADY:** I might answer it in a slightly different way, Mr Mookhey. Wherever we have become aware through press or through Fair Work Commonwealth that there has been an underpayment of wages we have investigated whether there is any payroll tax liability associated with that.

**The Hon. DANIEL MOOKHEY:** Minister, do you agree with me that further evidence of systemic underpayments in at least the retail sector, if not other sectors, confirms the need for a comprehensive New South Wales Government strategy on wage theft?

**The Hon. DAMIEN TUDEHOPE:** There needs to be a comprehensive Commonwealth response.

**The Hon. DANIEL MOOKHEY:** But do you accept that New South Wales can have one, too?

**The Hon. DAMIEN TUDEHOPE:** I think that the obligations in respect of the people of New South Wales are for us to recover what is due to them and payable in relation to liabilities. The responsibility and the jurisdiction in respect of corporate bodies and their responsibility in respect of paying people according to their awards is a Commonwealth responsibility.

**The Hon. DANIEL MOOKHEY:** Sure. Why should there not be transparency laws in New South Wales for matters like payroll tax like the ones that currently apply to the Australian Tax Office?

**The Hon. DAMIEN TUDEHOPE:** I would have to say that I tend to agree with you that we ought—let us be absolutely clear here.

**The Hon. DANIEL MOOKHEY:** Can you pull the microphone closer?

**The Hon. DAMIEN TUDEHOPE:** I do not renege from the fact—and I have said this in the House and I have said it to you—that there is no sympathy for people who do not pay their employees what they are entitled to. To the extent that there are steps that we ought ensure that we make that transparent, I think we ought to be exploring that.

**The Hon. DANIEL MOOKHEY:** I welcome that. The Federal workplace industrial relations Minister—I do not want to go by these names—Christian Porter is considering a name-and-shame register Federally for wage thieves. Is that something that we should be considering when it comes to tax compliance and payroll tax in New South Wales?

**The Hon. DAMIEN TUDEHOPE:** Certainly it is under consideration. I have to say that a name-and-shame approach has been adopted in other jurisdictions. I am not adverse to the suggestion, I must say, whether it is in respect of failure to comply with the responsibilities under State taxation laws and naming and shaming under those laws. There are precedents in other jurisdictions to do it. I think I am open as the Minister to look at those opportunities. It is a tool that we ought be using for the purposes of making sure that people are aware of that obligations. That is an ongoing policy discussion.

**The Hon. DANIEL MOOKHEY:** Thank you, Minister. I do welcome that. I want to talk now about some specifics about the Tax Administration Act and wage thieves. I want to talk about a section 26 of the Tax Administration Act. This is a section that allows the Chief Commissioner to impose penalty tax for tax defaults. Has this provision been applied in wage theft cases to date?

**Mr SMYTHE:** I would have to take that on notice. Mr Mookhey, it might be worth clarifying to make sure that we are all on the same page when it comes to precisely what "wage theft" means. We undertake quite a large number of investigations in relation to unpaid payroll tax, whether that comes from media reports or from other sources. Sometimes some of the payments, and then any interest or penalties that arise from that, are because people have misunderstood or taken advice with which we differ. Sometimes it may well be the result that they may not have passed on the correct wages.

**The Hon. DANIEL MOOKHEY:** I accept, of course, that not every case of payroll tax noncompliance is wage theft. Hence I am allowing Revenue NSW to define what it says it means is "wage theft". Hence I am asking in terms of your definition of "wage theft", whether or not you have applied it to these provisions. To be fair, in the line of the questioning I want to continue, it is your definition of whether a case arises from wage theft allegations, not mine. I am quite happy to proceed on that basis if that helps because you do make a good point: Not every case of payroll tax noncompliance is wage theft.

I want to talk now about 47B of the Tax Administration Act. This allows the commissioner of revenue to pursue outstanding payroll tax from directors and former directors, which is, of course, incredibly important in the context of, say, for example, the 7-Eleven scandals and the Domino's scandals in terms of the franchising. Has this provision been applied against any company or director who is a company director of a case that underpaid their workers in a manner which is wage theft?

**The Hon. DAMIEN TUDEHOPE:** I anticipate that they will not specifically address those two companies, but I will ask Mr Smythe whether in fact—I anticipate he will take that on notice to the extent that—

**Mr SMYTHE:** I will take it on notice. I just need to let you know, Mr Mookhey, part of what I am taking on notice is whether, in fact, we keep the level of detail sufficient to determine it.

**The Hon. DANIEL MOOKHEY:** I accept that; you might not. But these are the most powerful tools that are available to you. That is why I am asking whether or not they have been used when it comes to these matters of wage theft. On that basis, let us talk about part 3 section 10 of the Tax Administration Act, which is the provision that makes it an offence to lie to Mr Brady and Mr Smythe, which is, of course, crucial. Have we used this provision against anybody who has been engaged in wage theft? This is something that I presume Revenue NSW would know because it would have to prosecute them. Have we prosecuted anyone for lying to you about wage theft?

**The Hon. DAMIEN TUDEHOPE:** Mr Brady, do you want to take it on notice?

**Mr BRADY:** No, it is clear: No, we have not.

**The Hon. DANIEL MOOKHEY:** Of course, Minister, you would agree with me that perhaps if the presumption is that if any person will not pay their staff what they are owed, they are unlikely to tell the tax people their correct liability. Why are we not using all our powers that are available to us?

**The Hon. DAMIEN TUDEHOPE:** I will get Mr Brady to answer—the administration of the Act.

**Mr BRADY:** In relation to the last point that you are raising, Mr Mookhey, we would have to establish that there was a deliberate misleading of the Revenue office. That has not been something we have been able to establish in any of the cases that we have been looking at.

**The Hon. DANIEL MOOKHEY:** Minister, under section 10 of the Act, which is the one that says it is an offence to lie to Mr Brady, the maximum penalty is 100 penalty units, which means it is a \$1,100 fine. We actually threaten imprisonment to people who steal from public libraries but if you lie to the tax person, you can pay a \$1,100 fine and that is it. Should we not be toughening these penalties up as a meaningful deterrent to people who engage in wage theft?

**The Hon. DAMIEN TUDEHOPE:** That is all part of a broad discussion, which I am happy to have.

**The Hon. DANIEL MOOKHEY:** Are you going to toughen up the penalties for lying to the tax office?

**The Hon. DAMIEN TUDEHOPE:** I have not made any commitment in relation to that. I know that the Revenue, for example, does, in fact, pursue circumstances where people do, in fact, lie to Revenue NSW. They do pursue it.

**The Hon. DANIEL MOOKHEY:** I accept that and I am not disputing the fact that people lie to the tax office. I am saying that the penalty for people who do lie to the tax office is pretty low. Is it not time that we update it?

**The Hon. DAMIEN TUDEHOPE:** I hear the submission that you make.

**The Hon. DANIEL MOOKHEY:** But I am asking you: Are you going to do something about it?

**The Hon. DAMIEN TUDEHOPE:** I do not make policy as I sit here in front of you in estimates hearings. I hear the submission that you make.

**The Hon. DANIEL MOOKHEY:** It is not clear that you make policy, to be fair.

**The Hon. DAMIEN TUDEHOPE:** It is policy but I think it is a submission that you make. You are using estimates hearings to make submissions in relation to policy.

**The Hon. DANIEL MOOKHEY:** I am sure you probably agree with me, Minister.

**The Hon. DAMIEN TUDEHOPE:** I take it on board.

**The Hon. DANIEL MOOKHEY:** This is the crux of it: Let us talk about section 48 of the Act. This is a requirement for people to keep records and this is what allows retrospective collection and enforcement. Right now the requirement under 53 of the Act is for the period of retention of records to be five years, which means that the very first wave of wage theft scandals that are out in the public domain are passing the point of record keeping, meaning that if at some point in the next few years Revenue NSW decides that there are liabilities there, there is a very good chance people will get off because there is no longer a requirement for them to keep the records, which would otherwise prove it.

**The Hon. DAMIEN TUDEHOPE:** That assumes, of course, that they have not conducted their inquiries and recovered what is due.

**The Hon. DANIEL MOOKHEY:** Sure, but my basic point is that even accepting what you have just said, can you guarantee that no person who is engaged in wage theft will escape payroll tax liability because of the expiry of the record keeping requirement?

**The Hon. DAMIEN TUDEHOPE:** That is an unreasonable guarantee for you to ask me to give, but potentially—

**Mr BRADY:** The only other thing I will add is really that general policy is for us to not pursue back tax for more than five years. That is why there would be the record keeping arrangements of five years: so they line up with a period in which we will seek assessments.

**The Hon. DANIEL MOOKHEY:** I accept that that is the general policy but what these scandals have surfaced is that there might be a need to provide some policy because a bulk of these wage thefts that have been prosecuted through the Federal system in terms of the Workplace Relations Act and the Fair Work Act took place in the area between 2010 and 2015. Except that there is this general provision that "we do not do it in general", surely there is a case now to make sure that we are not allowing time to be the reason why people are escaping payroll tax liability.

**The Hon. DAMIEN TUDEHOPE:** That assumes that we have.

**The Hon. DANIEL MOOKHEY:** But you are not in a position to provide us with a view that we have done it. Hence, I am saying: Why are we not changing the law to give your agencies more flexibility and more power to actually collect any taxes that might be owed to us?

**The Hon. DAMIEN TUDEHOPE:** That question assumes that we have not already done that.

**The Hon. DANIEL MOOKHEY:** Can you confirm that we have?

**The Hon. DAMIEN TUDEHOPE:** In respect of individual taxpayers? I am not going to confirm that.

**The Hon. DANIEL MOOKHEY:** So you are not in a position to confirm whether we have collected any taxes? To be fair, Revenue NSW came back on notice in relation to 7-Eleven and said it collected \$340,000, which is excellent. But it does raise the questions—

**The Hon. DAMIEN TUDEHOPE:** I think you will find that its performance generally is excellent.

**The Hon. DANIEL MOOKHEY:** The point is that we should not allow anyone to get out of their payroll tax liability simply because of a requirement to keep records for five years. It is a pretty basic change to the law that will keep your agencies in a position to do their job. Why are we not thinking about it?

**The Hon. DAMIEN TUDEHOPE:** I hear the submission you make.

**The Hon. DANIEL MOOKHEY:** Are you going to act?

**The Hon. DAMIEN TUDEHOPE:** I do not make policy as I sit here in front of you in estimates.

**Mr DAVID SHOEBRIDGE:** Minister, the issue of wage theft starts with the question of whether or not you think it is part of your role as the Minister responsible for administering payroll tax to crack down on wage theft? Do you believe that is part of your role?

**The Hon. DAMIEN TUDEHOPE:** My role is to collect what is due and payable to the State of New South Wales and, therefore, able to be spent on those things like roads, hospitals and the like. If a taxpayer has a liability to Revenue NSW then there is a role for me to ensure that Revenue NSW is collecting what we are entitled to collect.

**Mr DAVID SHOEBRIDGE:** From time to time does Revenue NSW identify a substantial under-declaration of wages for the purposes of payroll tax?

**The Hon. DAMIEN TUDEHOPE:** There are audits, which are conducted on a regular basis, which disclose underpayments.

**Mr DAVID SHOEBRIDGE:** Do we have any indication of the number of times in the last financial year that that has been identified?

**Mr BRADY:** If I may clarify the question, in terms of us identifying whether a worker has been paid the appropriate entitlements, that is not something that Revenue NSW will identify.

**Mr DAVID SHOEBRIDGE:** I am asking you whether or not you have identified an employer who has under-declared payroll tax as a result of either your audit work or some other basis.

**Mr BRADY:** Absolutely.

**Mr DAVID SHOEBRIDGE:** How many in the last financial year?

**Mr SMYTHE:** I have some numbers. The number of payroll tax investigations in 2019 to 2020, year to date, is 2,775. That has resulted in additional identified revenue of \$112.2 million.

**Mr DAVID SHOEBRIDGE:** Are you able to identify whether there were one or two stand-outs? What was the largest?

**Mr BRADY:** We do not have a breakdown of individual data with us.

**Mr DAVID SHOEBRIDGE:** Can you provide that on notice?

**Mr BRADY:** Yes.

**Mr DAVID SHOEBRIDGE:** Is that underpayment of \$112 million in the financial year to date?

**Mr BRADY:** That is correct.

**Mr DAVID SHOEBRIDGE:** Given payroll tax is only a fraction of the wage bill, that is billions of dollars of undeclared wages. Is that a fair statement?

**Mr BRADY:** Yes, that is right.

**Mr DAVID SHOEBRIDGE:** Do you have any kind of arrangement with the Fair Work Ombudsman to provide the Ombudsman with information or data about employers who are under-declaring their wage bill to Revenue NSW?

**Mr BRADY:** We have memorandums of understanding with a number of Federal agencies, including the Australian Tax Office and Fair Work. My understanding is we obtain data from the Fair Work. I am just checking whether we—

**Mr DAVID SHOEBRIDGE:** From the Fair Work Ombudsman, from Fair Work Australia? They are two different legal entities.

**Mr BRADY:** Yes, absolutely.

**Mr SMYTHE:** I believe it is from Fair Work Australia. I would need to take that on notice.

**Mr DAVID SHOEBRIDGE:** Minister, the agency that is at least meant to prosecute this federally, which would be the starting point, would be the Fair Work Ombudsman. If no memorandum is in place, do you think that you should perhaps sit down and rapidly negotiate one so that, where you have identified employers who are under-declaring wages for the purposes of payroll to the tune of billions of dollars, collectively, that information is provided to the Fair Work Ombudsman so that the Ombudsman could perhaps determine whether or not there has been an underpayment of wages federally?

**The Hon. DAMIEN TUDEHOPE:** I will take that on notice as to whether we do have that relationship with the Fair Work Ombudsman.

**Mr SMYTHE:** If I may, Minister, we obtain information from the Fair Work Ombudsman.

**The Hon. DAMIEN TUDEHOPE:** Do we provide them with—

**Mr DAVID SHOEBRIDGE:** Do you close the loop? Because I assume that they might raise suspicion, based upon the data they have, but if you then do an audit and find under-declaration of wages to the tune of billions of dollars, surely it is essential to close the loop and tell them, "Yes, you were right, business X under-declared the wages to us", is it not?

**Mr SMYTHE:** It may assist to understand that when we refer to wages for payroll tax, it includes a whole bunch of different things, not just wages as is commonly understood. It could be payments for directors, payments to contractors. So if we were to go to another agency and advise it that we have found an outstanding payroll tax liability, that would not necessarily assist it in its operations.

**Mr DAVID SHOEBRIDGE:** But I am sure you have done investigations where you know the nature of the payments that have been undeclared and you can give them that information?

**Mr SMYTHE:** So—

**Mr DAVID SHOEBRIDGE:** Why not? We are all on the same team here, are we not? Federal and State governments—we are all on the same team.

**Mr BRADY:** I think we should do two things. We should come back to you with whether we do in fact share information back with the Fair Work Ombudsman. I would like to confirm that. The second thing I would note is that when we discover an underpayment of payroll tax, it can be from a range of different things, from grouping the treatment of fringe benefit tax, payments to directors et cetera.

**Mr DAVID SHOEBRIDGE:** Correct.

**Mr BRADY:** What we see is what records the company holds around its payment. So we are looking at what it has already declared to be wages or payments. What Fair Work would be concerned with would be whether it is declaring the right amount. The fact we found an underpayment of payroll tax may have very little or no relevance in terms of whether the staff have been paid the right amount.

**Mr DAVID SHOEBRIDGE:** It may have or it may not have. I accept it is complex but, surely, the best starting point is to share the information between the two agencies so that each of you have the best information to hand. Do you agree with that?

**Mr BRADY:** Absolutely. Where we do receive information, we will confirm whether we pass the information on.

**Mr DAVID SHOEBRIDGE:** Can you give us the same figure for the financial year ending 30 June 2019—the 2018-19 year?

**Mr BRADY:** We conducted 7,091 payroll tax investigations and recovered \$238.3 million.

**Mr DAVID SHOEBRIDGE:** If possible, can you give, on notice, a breakdown of the nature of the failure to declare—how much it was in relation to wages or directors' fees? If you cannot, you cannot, but could you take that on notice and provide whatever breakdown you have?

**Mr BRADY:** We will take it on notice.

**Mr SMYTHE:** Just in relation to the Fair Work Ombudsman, generally we do not share information with the Fair Work Ombudsman. That is because of the strictures that are applied to us under section 82 of the Taxation Administration Act, which lists a number of entities—

**Mr DAVID SHOEBRIDGE:** And it does not include the Fair Work Ombudsman?

**Mr SMYTHE:** It does not.

**Mr DAVID SHOEBRIDGE:** Minister, will you undertake to review that?

**The Hon. DAMIEN TUDEHOPE:** I knew you would ask me that. I will undertake to review that.

**Mr DAVID SHOEBRIDGE:** The last question on this wage theft front—

**The Hon. DAMIEN TUDEHOPE:** That would probably involve some discussion with the Commonwealth.

**Mr DAVID SHOEBRIDGE:** Yes. If the Fair Work Ombudsman has identified a failure to pay wages, do you have an arrangement in place where the Ombudsman tells you if there has been a further payment so you can revisit and increase the payroll tax? If not, why not?

**Mr SMYTHE:** I am not sure if "arrangement" is the right term, but we do obtain datasets from them. The way the payroll tax is levied is, it actually applies to wages that are paid or payable. Where someone may not have been paying the correct amount of money but they are required under an award or some other arrangement to do so, we would expect the fact that they have not paid does not remove their liability to pay payroll tax for a particular period.

**Mr DAVID SHOEBRIDGE:** I assume you would expect them to pay a significant amount more whenever they have actually coughed up the unpaid wages.

**Mr SMYTHE:** That is definitely the case.

**Mr DAVID SHOEBRIDGE:** I am asking whether or not you have the information to track whether or not that is happening.

**The Hon. DAMIEN TUDEHOPE:** It would occur because they would be making a disclosure of their wages—

**Mr DAVID SHOEBRIDGE:** It may occur.

**The Hon. DAMIEN TUDEHOPE:** It generally would occur if they have made a payment to the Commonwealth.

**Mr SMYTHE:** Our experience has been that especially once there is an awareness of a wage theft situation the entities involved do make a voluntary disclosure and update their payroll tax in terms—

**Mr DAVID SHOEBRIDGE:** But unless you are data matching what is happening federally, it is a guess, is it not?

**Mr SMYTHE:** Yes, but we have quite an extensive data-matching program.

**Mr DAVID SHOEBRIDGE:** I look forward to your review of this issue.

**The ACTING CHAIR:** We will call the examination over for now. Minister, you are released. They tell me they do not want to talk to you anymore and I do not blame them. Your answers were so comprehensive that you are not needed this afternoon.

**(The Minister for Finance and Small Business withdrew.)**

**(Luncheon adjournment)**

**The ACTING CHAIR:** We might start opening questioning again from the Opposition.

**The Hon. DANIEL MOOKHEY:** Ms Wilkie, should we address questions to you at first instance and you can palm?

**Ms WILKIE:** Yes please.

**The Hon. DANIEL MOOKHEY:** I might try to work through each of the deputy secretary's questions in order. It is their choice if they would like to leave when I am finished as well. It is at your discretion as to whether that is. Ms Wilkie, to you and/or Mr Brady about the Small Business Commissioner. What date did Ms Hobbs resign?

**Ms WILKIE:** I think the effective date of her resignation was 19 December.

**The Hon. DANIEL MOOKHEY:** When did she give notice?

**Ms WILKIE:** Ms Hobbs had been on a period of medical leave since August. As that situation developed—I know it sounds like I am being a bit vague, but obviously there are issues of privacy here—as the situation with Ms Hobbs' medical leave progressed, then it became less a conversation about when she would return as to whether she was going to be able to return. That progressed over that period of months until we determined that date on the basis of medical advice and other things.

**The Hon. DANIEL MOOKHEY:** I accept we have to be sensitive about privacy-related matters so I do want to be sensitive about those matters too. Understanding that she was on medical leave from August, her effective resignation date was 19 December. Did she provide notice?

**Ms WILKIE:** The date was partly determined so that it took into account outstanding leave and all that sort of stuff as well.

**The Hon. DANIEL MOOKHEY:** Her resignation was given to who?

**Ms WILKIE:** I think it went to the secretary.

**The Hon. DANIEL MOOKHEY:** Of Treasury?

**Ms WILKIE:** Yes. Sorry, she advised the Minister because she is a statutory officer and then, as a matter of courtesy, the secretary.

**The Hon. DANIEL MOOKHEY:** Do you know what date she advised the Minister?

**Ms WILKIE:** There was not really a specific date in that sense because, as I said, this was part of an ongoing conversation about the medical condition and what that was going to mean in terms of her ability to be at work.

**The Hon. DANIEL MOOKHEY:** Did she provide the advice to the Minister in writing?

**Ms WILKIE:** Yes, I believe she did. But, again, it was kind of an evolving thing. There was no one point when there was a specific—

**The Hon. DANIEL MOOKHEY:** She would have provided a formal advice just to formally record the end at some point. Is that what you are trying to say?

**Ms WILKIE:** Yes. In the end it was a letter that went from the Minister to Ms Hobbs in agreeing the final date.

**The Hon. DANIEL MOOKHEY:** Am I right in understanding that was a part of a continuing—that was effectively one episode in a continuing conversation that was being had?

**Ms WILKIE:** Yes.

**The Hon. DANIEL MOOKHEY:** Is that the way you are trying to describe it?

**Ms WILKIE:** Yes.

**The Hon. DANIEL MOOKHEY:** Okay. Perhaps on notice, can we get the date of the letter?

**Ms WILKIE:** Yes.

**The Hon. DANIEL MOOKHEY:** And then how did the Minister formally effect Mr Brady's—

**Ms WILKIE:** The permanent commissioner is appointed by the Governor at the request of the Government. Under the Act the Minister is able to appoint an interim commissioner to fill in for periods of leave and that sort of thing. That has been effected by way of a recommendation from the department to the Minister and then the Minister signing off on a briefing and sending a letter. Essentially a briefing would be provided from the department recommending that an interim commissioner be appointed. And then the Minister on receipt of that briefing has sent a letter to Mr Brady appointing him as interim commissioner for a period of time.

**The Hon. DANIEL MOOKHEY:** When did that happen?

**Ms WILKIE:** There have been multiple occasions of that because again this was part of the nature of the continuing conversation episode. We first appointed Mr Brady as interim commissioner in September and that was for a period of time to cover the period of medical leave that Ms Hobbs had indicated that she required. Towards the end of that period we reappointed Mr Brady for, again, the period of time that Ms Hobbs indicated her doctor was indicating she needed to not be at work. At the moment we have Mr Brady currently in the role as we recruit the new permanent commissioner.

**The Hon. DANIEL MOOKHEY:** You made some reference to Ms Hobbs' medical leave expiring. Is that what you said or did I mishear you?

**Ms WILKIE:** As we saw medical certificates are not given on an indefinite basis. So I am not going to comment specifically on Ms Hobbs' medical certificates, but in general in a workplace a medical certificate is given for a period of time like two weeks, four weeks—

**The Hon. DANIEL MOOKHEY:** I am talking about leave entitlement, not necessarily how long a doctor may or may not have said that she is available.

**Ms WILKIE:** No. Ms Hobbs' leave—the agreement on the final date was on the basis of certain of her leave entitlements so that they were paid as salary rather than paid out at the end of her tenure.

**The Hon. DANIEL MOOKHEY:** But under her contract was she entitled to medical leave?

**Ms WILKIE:** Yes.

**The Hon. DANIEL MOOKHEY:** And did she use all the period of medical leave she is entitled to?

**Ms WILKIE:** I would have to take that on notice.



**The Hon. DANIEL MOOKHEY:** And did her resignation coincide with the expiry of the time that she was contractually entitled to?

**Ms WILKIE:** You mean in terms of her leave?

**The Hon. DANIEL MOOKHEY:** Did she run out of leave and therefore resign? Is that what happened?

**Ms WILKIE:** I do not believe so but I will take that on notice, to be certain.

**The Hon. DANIEL MOOKHEY:** Did Ms Hobbs resign of her own volition?

**Ms WILKIE:** Her decision to leave the role of the commissioner was a mutual agreement with the Minister.

**The Hon. DANIEL MOOKHEY:** Did the Minister request a resignation?

**Ms WILKIE:** No, he did not.

**The Hon. DANIEL MOOKHEY:** So how did it happen?

**Ms WILKIE:** That is starting to get into issues of privacy around the medical condition that Ms Hobbs has.

**The Hon. DANIEL MOOKHEY:** Yes. I do not want to talk about that. I just want to know whether or not—did the Minister ask for the resignation?

**Ms WILKIE:** No. I have already answered that question. I said no, he did not.

**The Hon. DANIEL MOOKHEY:** Did the secretary?

**Ms WILKIE:** No, he did not. The issue of Ms Hobbs leaving the role came about because of the medical condition.

**The Hon. DANIEL MOOKHEY:** Yes, I accept that. I am trying to be sensitive but there has been no public statement made by the Government about this.

**Ms WILKIE:** There was a press release that went out on the date.

**The Hon. DANIEL MOOKHEY:** Well, it is not on the website and I cannot find any record of it. If you can provide it on notice—

**Ms WILKIE:** It might not be on the Small Business Commission's website. We realised after the session earlier this morning that nothing had been updated on the website, but the Minister released a press release, I am pretty sure, in December.

**The Hon. DANIEL MOOKHEY:** Do you have that with you?

**Ms WILKIE:** I will see if I have got it.

**The Hon. DANIEL MOOKHEY:** If we can get that tabled, that would be good as well. I presume you are going to update the website now.

**Ms WILKIE:** Yes.

**The Hon. DANIEL MOOKHEY:** What is the selection timetable for the new commissioner?

**Ms WILKIE:** Job ads were put out in January and that then closed off in—I think it was late January. We have already gone through a short-listing session and conducted interviews and we have made a recommendation of three candidates to the Minister and he has met with three candidates. The next step in the process is for him to make his recommendation to Cabinet.

**The Hon. DANIEL MOOKHEY:** When you say "we" you are referring to—

**Ms WILKIE:** The department, sorry.

**The Hon. DANIEL MOOKHEY:** To the department—okay. And that commenced in January?

**Ms WILKIE:** Yes. There were public advertisements that went out both on "I work for NSW" and in some media outlets as well.

**The Hon. DANIEL MOOKHEY:** Okay. Mr Brady, you are doing currently both roles?



**Mr BRADY:** I am.

**The Hon. DANIEL MOOKHEY:** Where are you performing both roles from?

**Mr BRADY:** A variety of locations: from the Small Business Commission office, from Treasury offices, from Revenue NSW's office and from the Department of Customer Service's office.

**The Hon. DANIEL MOOKHEY:** There are 53 staff at the Small Business Commission? That is what you said to us on notice last time.

**Ms WILKIE:** Slightly less than that. I think it is more around 40 or 45 at the moment.

**Mr BRADY:** Yes, that is right.

**The Hon. DANIEL MOOKHEY:** In terms of day-to-day supervision is that being undertaken by you or the existing structure?

**Mr BRADY:** The Small Business Commissioner does not have any delegations under the Government Sector Employment Act or finance delegations. It is a statutory appointment under the Small Business Commissioner Act. In fact the role of the commissioner does not extend to—

**The Hon. DANIEL MOOKHEY:** The Small Business Commissioner does not direct the Small Business Commission staff?

**Mr BRADY:** Not in terms of direct supervision and their performance at work. That is done by the senior executives within the Small Business Commission.

**The Hon. DANIEL MOOKHEY:** Okay. That is helpful to know. Can I just get a couple of data points on the Small Business Commissioner? How many mediations have we undertaken in the last 12 months?

**Mr BRADY:** We had 920 matters filed for mediation in 2019.

**The Hon. DANIEL MOOKHEY:** In the calendar year 2019?

**Mr BRADY:** That is right.

**The Hon. DANIEL MOOKHEY:** And what were the results?

**Mr BRADY:** So 92 per cent of the mediations were resolved before proceeding to court.

**The Hon. DANIEL MOOKHEY:** That is encouraging. Did you receive from brokers who were in dispute with AMP a request for mediation?

**Mr BRADY:** I would have to take that on notice, Mr Mookhey.

**The Hon. DANIEL MOOKHEY:** This came up in the last estimates as well. A series of brokers made representations to the office of the Small Business Commissioner seeking the Small Business Commissioner's assistance in a dispute with AMP. Do you have any information on this that is available to you?

**Mr BRADY:** I do not have it with me. I will take that on notice and come back to you with the detail.

**The Hon. DANIEL MOOKHEY:** Yes. It would be good if you could take on notice whether you received it; if you did receive it, when you received it; whether or not you provided mediation; and most importantly whether or not AMP has engaged in a process with the Small Business Commissioner's office as well. That would be good to know.

**Mr BRADY:** Certainly.

**The Hon. DANIEL MOOKHEY:** Do you keep any demographic data on the type of disputes that you are being asked to mediate?

**Mr BRADY:** Demographic in terms of—

**The Hon. DANIEL MOOKHEY:** What is the nature of the disputes, for example?

**Mr BRADY:** We tend to have two types of dispute come to us. One is under the Retail Leases Act, which will be between landlord and tenant, and then more general small business disputes.

**The Hon. DANIEL MOOKHEY:** Can you on notice break it down by category of dispute?

**Mr BRADY:** Yes.

**The Hon. DANIEL MOOKHEY:** And can we get some data on how long the average period is for mediation?

**Mr BRADY:** Will do.

**The Hon. DANIEL MOOKHEY:** Can we also get some data on how many people were refusing to participate in mediation, given it is voluntary?

**Mr BRADY:** Yes.

**The Hon. DANIEL MOOKHEY:** That would be good. Are you getting franchise disputes?

**Mr BRADY:** We get very few franchise disputes because there is a Commonwealth scheme specifically for franchising. So very, very limited numbers, Mr Mookhey.

**The Hon. DANIEL MOOKHEY:** Ms Wilkie, earlier this morning we were having a slight discussion about the NSW Small Business Strategy 2020 Discussion Paper.

**Ms WILKIE:** Yes.

**The Hon. DANIEL MOOKHEY:** The submissions for that closed yesterday. That is correct?

**Ms WILKIE:** That is correct.

**The Hon. DANIEL MOOKHEY:** How many did you get?

**Ms WILKIE:** I do not have the final number.

**The Hon. DANIEL MOOKHEY:** Do you have a range or an estimate?

**Ms WILKIE:** No. I thought I had that with me but I do not. I can get that information.

**The Hon. DANIEL MOOKHEY:** It would be great if you could. What are the next steps?

**Ms WILKIE:** As part of the consultation there was the written submission process but we have also been conducting group consultations with particular parts of industry, industry associations, government departments and that sort of thing. So the next step in the process is to basically compile all of the information we have received through the consultation process and then put a recommendation to the Minister in terms of what the refreshed strategy should look like, and then the Minister and Government will consider that before releasing it publicly.

**The Hon. DANIEL MOOKHEY:** There are two components of the discussion paper. The first relates to a small business strategy and then there is a statutory review of the Act. Am I right in interpreting that that is the remit?

**Ms WILKIE:** That is correct, yes.

**The Hon. DANIEL MOOKHEY:** When you say you will compile the feedback and provide advice as to what the strategy should be to the Minister, do you have a timetable as to when you think you will be providing the Minister with that advice?

**Ms WILKIE:** That will be within the next four weeks or so.

**The Hon. DANIEL MOOKHEY:** On the second aspect, which is a statutory review, are you going to be publishing the results of the statutory review?

**Ms WILKIE:** Yes, that is the intention.

**The Hon. DANIEL MOOKHEY:** Will you also be publishing the feedback on the strategy or not?

**Ms WILKIE:** That is really a matter for the Minister's decision. That is something we will discuss with the Minister.

**The Hon. DANIEL MOOKHEY:** Sure, but you are actually probably required to publish the statutory review, are you not?

**Ms WILKIE:** That is correct, yes.

**The Hon. DANIEL MOOKHEY:** That will be from Treasury?

**Ms WILKIE:** Yes.

**The Hon. DANIEL MOOKHEY:** As in Treasury is the reviewer?

**Ms WILKIE:** That is correct, yes.

**The Hon. DANIEL MOOKHEY:** Do you have a timetable as to when you anticipate publishing the statutory review?

**Ms WILKIE:** No specific timetable but it is already overdue, so as promptly as possible.

**The Hon. DANIEL MOOKHEY:** I was going to ask that because it was due at the end of last year, was it not, or prior to that?

**Ms WILKIE:** I think it was even prior to that.

**The Hon. DANIEL MOOKHEY:** When was it due?

**Ms WILKIE:** I think it was even due 12 months ago, certainly at the time of the machinery of government change. I was informed that it was overdue at that time when it became my responsibility.

**The Hon. DANIEL MOOKHEY:** Lucky you, congratulations on the energy that you have brought to this matter.

**Ms WILKIE:** Thank you.

**The Hon. DANIEL MOOKHEY:** I do not want to pre-empt the outcomes of the review but have you received submissions asking for the Act to be amended to include binding arbitration of disputes?

**Ms WILKIE:** Not that I am aware of.

**The Hon. DANIEL MOOKHEY:** So the farmers have not put that forward to you?

**Ms WILKIE:** They may have; I am just not aware of it.

**The Hon. DANIEL MOOKHEY:** I will look forward to reading the outcome of the review. I do not know if this is of any help to you, Ms Wilkie, but they were all the questions I had in relation to the small business dimension. But feel free to stick around.

**Ms WILKIE:** There are a few other issues I might need to stick around for.

**The Hon. DANIEL MOOKHEY:** Yes, I do not want to be rude, it is your discretion. I might give Mr Gardner some relief soon.

**Mr GARDNER:** Thank you.

**The Hon. DANIEL MOOKHEY:** Mr Gardner, I want to pick up the conversation we have been having about State-owned corporations.

**Mr GARDNER:** Yes.

**The Hon. DANIEL MOOKHEY:** Firstly, they were all due to have their statement of corporate intent [SCI] finalised in December, were they not?

**Mr GARDNER:** Yes. They have to report. There is a process of reporting, so it does not have to be finalised in December.

**The Hon. DANIEL MOOKHEY:** But they had to file effectively their draft, did they not?

**Mr GARDNER:** The final plans have to be with us in May.

**The Hon. DANIEL MOOKHEY:** For the financial year 2020-21?

**Mr GARDNER:** Yes, that is for the financial year 2020-21.

**The Hon. DANIEL MOOKHEY:** Has anyone provided you with their draft yet?

**Mr GARDNER:** The preliminary by 14 March.

**The Hon. DANIEL MOOKHEY:** Yes, so about 10 more days.

**Mr GARDNER:** Ten more days, yes.

**The Hon. DANIEL MOOKHEY:** Have you received any so far?

**Mr GARDNER:** We have not received any to date, as far as I am aware. I certainly have not seen any. My team may have received some.

**The Hon. DANIEL MOOKHEY:** Are you anticipating a last-minute flood?

**Mr GARDNER:** I am anticipating some quite significant changes in those documents. A number of them will be working on revising their updates or outlooks.

**The Hon. DANIEL MOOKHEY:** When you say you are anticipating some wide changes, what are you anticipating?

**Mr GARDNER:** Obviously there are businesses that have been significantly impacted by either water restrictions or increased capital requirements for repairing electricity networks or leakages, so there will be a lot of capital and OPEX changes and there may well be significant revenue line changes. The Forestry Corporation is obviously a clear candidate.

**The Hon. DANIEL MOOKHEY:** I was going to ask you about the CAPEX requirements particularly of Essential Energy and their water arm too. Do you have any estimates as to what they are, arising from the recent episodes?

**Mr GARDNER:** No, I do not have anything at this stage. Obviously the businesses will provide that as they provide their preliminary and then final SCIs.

**The Hon. DANIEL MOOKHEY:** They have a continuous disclosure requirement, do they not?

**Mr GARDNER:** They do, yes.

**The Hon. DANIEL MOOKHEY:** Have they disclosed anything to you in this respect under that requirement? Since we last chatted, have you received any disclosures under the continuous disclosure requirements?

**Mr GARDNER:** Obviously there is a lot going on in the water space—dam levels, fires—so there are constant conversations with businesses around the impact of all those things on their business.

**The Hon. DANIEL MOOKHEY:** I think last time we were having a chat about how precisely those chats take place.

**Mr GARDNER:** We did, yes.

**The Hon. DANIEL MOOKHEY:** I do not know whether we ever resolved whether they can just call you up or they have to write to you under the continuous disclosure requirements.

**Mr GARDNER:** The requirement as set out under our commercial policy framework is they can do it via phone or via email or they can send us a letter.

**The Hon. DANIEL MOOKHEY:** Do you log them when they do?

**Mr GARDNER:** No, we do not.

**The Hon. DANIEL MOOKHEY:** Do you think you should?

**Mr GARDNER:** No. I think by virtue of the nature of the relationship between our teams, the shareholder and policy Ministers, the purpose of that is to ensure that they give us early and preliminary insights into things that they think may be issues for the government. So having a log would be an impediment to them being willing to provide early and potentially emerging insights.

**The Hon. DANIEL MOOKHEY:** Is it not the case that that commercial framework is meant to mimic the requirements that publicly listed corporations are asked to report to the Australian Securities Exchange and their shareholders?

**Mr GARDNER:** No. I mean to the extent that there are things that we have picked up from the publicly listed frameworks, then absolutely we will adopt them as necessary but it is customised to the government businesses.

**The Hon. DANIEL MOOKHEY:** You base your discussions with them about the dividend that they owe the taxpayers, I am assuming, with a starting point of 70 per cent of their net profit after tax?

**Mr GARDNER:** For the regulated asset businesses it is more of a capital structure issue, so for the unregulated businesses—

**The Hon. DANIEL MOOKHEY:** Regulated businesses are what?

**Mr GARDNER:** That is the electricity and the water assets.

**The Hon. DANIEL MOOKHEY:** That is the one that the Independent Pricing and Regulatory Tribunal [IPART] has to help with.

**Mr GARDNER:** That is the one that the IPART does the determinations for, or the Australian Energy Regulator does the determinations for the electricity assets. Unregulated is like ports.

**The Hon. DANIEL MOOKHEY:** Yes, and forestry.

**Mr GARDNER:** And forestry, that is right, and that is 70 per cent as a guidance.

**The Hon. DANIEL MOOKHEY:** Yes, 70 per cent is a guidance.

**Mr GARDNER:** Yes.

**The Hon. DANIEL MOOKHEY:** Do you make those decisions in the budget processes or is it made independently of the budget processes?

**Mr GARDNER:** It is an iterative process where the business gives us a sense of their capital structure, their earnings outlook, and they submit that as part of their SCI process and then we review that and the Treasurer can make directions as to those if he or she chose to. But generally it is an iterative sort of agreement between ourselves and the businesses.

**The Hon. DANIEL MOOKHEY:** What involvement has the finance Minister had in this regard?

**Mr GARDNER:** He gets updates on the specific businesses and he will receive copies of the SCIs. We sort of engage with both Ministers, both the shareholder Ministers, at their discretion as to how much they want to be involved in it.

**The Hon. DANIEL MOOKHEY:** Has the Minister expressed a strong interest to be involved in it?

**Mr GARDNER:** Certain businesses he has shown interest but not specifically. I mean we have not talked about this next round of processes as to who is going to be involved in it, so it is probably a little early.

**The Hon. DANIEL MOOKHEY:** Can I ask just about the Essential Energy job numbers?

**Mr GARDNER:** Yes.

**The Hon. DANIEL MOOKHEY:** Do you have now what is the FTE of Essential Energy?

**Mr GARDNER:** As of 30 June last year they had 3,053 full-time employees.

**The Hon. DANIEL MOOKHEY:** As of when?

**Mr GARDNER:** As of 30 June 2019.

**The Hon. DANIEL MOOKHEY:** Do you have the number for 2018?

**Mr GARDNER:** No, I do not in this report. Sorry. I can get someone to send that to me.

**The Hon. DANIEL MOOKHEY:** Do you mind?

**Mr GARDNER:** No.

**The Hon. DANIEL MOOKHEY:** That would be good. Do you have any up-to-date figures beyond 2019?

**Mr GARDNER:** No, I do not.

**The Hon. DANIEL MOOKHEY:** When will they be filing those with you?

**Mr GARDNER:** That will be part of that whole SCI and/or statement of business intent process.

**The Hon. DANIEL MOOKHEY:** Are they required to tell you their intentions in this respect for the next year?

**Mr GARDNER:** It is really the board's discretion as to their employment profile. So they will share it as a matter of course. But from a purely shareholder representative perspective we do not specify particular numbers that we are—

**The Hon. DANIEL MOOKHEY:** I am not asking whether or not you have any influence on those decisions. I am more asking you do they tell you the numbers?

**Mr GARDNER:** If we ask them the numbers they are more than happy to disclose them to us.

**The Hon. DANIEL MOOKHEY:** Great. Do you have those 3,053 broken down by geography?

**Mr GARDNER:** I do not. No.

**The Hon. DANIEL MOOKHEY:** As in you do not have them now or you do not have them?

**Mr GARDNER:** I do not have them here. The head office is up the Central Coast, Newcastle, so the vast majority of them will be in rural and regional areas.

**The Hon. DANIEL MOOKHEY:** That is kind of the reason I am asking. Is it possible on notice to get a breakdown of the locations as of 30 June 2019?

**Mr GARDNER:** I will ask the business if they can provide it to us, yes.

**The Hon. DANIEL MOOKHEY:** That would be good. Do you have the same numbers for Sydney Water?

**Mr GARDNER:** They had 2,466 full-time employees at the same date, 30 June.

**The Hon. DANIEL MOOKHEY:** And I presume you do not have their 2018 figure either.

**Mr GARDNER:** No.

**The Hon. DANIEL MOOKHEY:** Can you obtain it?

**Mr GARDNER:** Yes.

**The Hon. DANIEL MOOKHEY:** Thank you. And can we ask the same numbers for Forestry?

**Mr GARDNER:** Yes, 532.

**The Hon. DANIEL MOOKHEY:** As of 2019?

**Mr GARDNER:** As of 2019.

**The Hon. DANIEL MOOKHEY:** And I am also going to ask for the 2018 number if you have it or if you can get it that would be good.

**Mr GARDNER:** Yes.

**Ms WILKIE:** For the Small Business Strategy we have received 12 submissions and, obviously we did a SurveyMonkey survey, 12 responses to a SurveyMonkey survey. There were also 28 workshops and 37 individual meetings that have been held during the consultation period.

**The Hon. DANIEL MOOKHEY:** The consultation opened in January.

**Ms WILKIE:** The release was delayed slightly by the bushfires. I think it opened—

**The Hon. DANIEL MOOKHEY:** My memory is 16 or 20 January or something like that.

**Ms WILKIE:** It was supposed to be the first week of January and it got delayed slightly so that sounds about right, yes. But we extended the conclusion of it that we had been expecting. Yes, 22 January, a six-week consultation period ending last night.

**The Hon. DANIEL MOOKHEY:** Is it possible to get the locations of those 28 workshops?

**Ms WILKIE:** Yes, we can provide that.

**The Hon. DANIEL MOOKHEY:** And that covers the group consultations that you were describing.

**Ms WILKIE:** Yes, 28 workshops and in addition to that 37 one-on-one meetings.

**The Hon. DANIEL MOOKHEY:** That covers what I was going to wheel back and ask you. Mr Gardner, I think I am complete with you, but it is at your discretion.

**Mr GARDNER:** Thank you. I will take the opportunity.

**The Hon. DANIEL MOOKHEY:** If you have the numbers, it would be good to get them.

**Mr GARDNER:** I will make sure that Ms Wilkie gets them very shortly.

**The Hon. DANIEL MOOKHEY:** Actually, while I have got you, procurement is you as well, is it not?

**Mr GARDNER:** Yes. Let's do that.

**The Hon. DANIEL MOOKHEY:** Sorry. You looked very excited to—

**Ms WILKIE:** Yes, do not make me answer all of those.

**The Hon. DANIEL MOOKHEY:** Can we get the meeting dates for the Procurement Board?

**Mr GARDNER:** You can. We meet quarterly. We can.

**The Hon. DANIEL MOOKHEY:** Do you publish your meeting outcomes for that?

**Mr GARDNER:** No, we do not.

**The Hon. DANIEL MOOKHEY:** It is not universal practice to publish meeting outcomes for these types of meetings but there are public sector examples of organisations like the board doing that. Is there a reason why the board does not do that?

**Mr GARDNER:** Obviously material directions of government are published so the Procurement Board directions where they are influencing—

**The Hon. DANIEL MOOKHEY:** The rules are, yes.

**Mr GARDNER:** The rules, yes, absolutely they are. But the deliberations of a board of senior public servants on matters relating to procurement across the sector so we do not have a particular reason that we would publish them.

**The Hon. DANIEL MOOKHEY:** Let's move on. We were talking last time about the procurement for whole-of-government panels, of which you say on notice you have managed 13 of them, of which seven of them are whole-of-government prequalification schemes. Sorry, it is 13 whole-of-government panel contracts and seven whole-of-government prequalification schemes—that is accurate.

**Mr GARDNER:** The seven prequalification schemes is absolutely right and 13 is also correct in terms of contracts.

**The Hon. DANIEL MOOKHEY:** I think we were probing you last time about the breakdown of allocation of moneys through the prequalification schemes to small and medium enterprises. I am not sure we got the answers back as a percentage on notice that we were anticipating but that could be my memory fail.

**Mr GARDNER:** No, you are probably right. On the prequalification schemes there are the ones that NSW Procurement manages, so there are the seven of those we can provide that detail on.

**The Hon. DANIEL MOOKHEY:** That other clusters can utilise.

**Mr GARDNER:** Yes, and other clusters can utilise.

**The Hon. DANIEL MOOKHEY:** Because you do not track what they spend.

**Mr GARDNER:** But we do not track the—I mean, we know broadly how much money is spent with small and medium enterprise as we see it through the data that we get but we do not see it by scheme. We do not know how much relates to each individual scheme.

**The Hon. DANIEL MOOKHEY:** Do you see it by cluster?

**Mr GARDNER:** We do. There is not reported data by cluster on SMEs but we do through collation of data across government. So we do have information on that, yes.

**The Hon. DANIEL MOOKHEY:** But you have a target, don't you, for whole-of-government—

**Mr GARDNER:** No, not for SMEs. There are no targets for SMEs at all.

**The Hon. DANIEL MOOKHEY:** For the whole-of-government spending, no target?

**Mr GARDNER:** No. Indigenous is the only one that we have any targets on.

**The Hon. DANIEL MOOKHEY:** Okay. Do you have the numbers? What numbers do you have at a macro level about spending on SMEs?

**Mr GARDNER:** At a whole-of-government level for 2018-19 just for goods and services it was \$8.8 billion.

**The Hon. DANIEL MOOKHEY:** As a percentage of spend?

**Mr GARDNER:** Forty per cent of total spend.

**The Hon. DANIEL MOOKHEY:** And what do you define as being an SME?

**Mr GARDNER:** A business of zero to 19 employees is small and medium is 20 to 200.

**The Hon. DANIEL MOOKHEY:** Do you break it out between smaller and medium or is it small and medium that you have?

**Mr GARDNER:** We do have some breakout into medium. Of the \$8.8 billion, \$3.7 billion is with small businesses.

**The Hon. DANIEL MOOKHEY:** And this is for which year?

**Mr GARDNER:** For 2018-19. I do not have a specific breakdown of the 20 to 200. They are 20 to 100 and 100 to 200.

**The Hon. DANIEL MOOKHEY:** You are the Treasury officials but is it wrong to infer that if \$8.8 billion went to SMEs and \$3.7 billion went to "S", then perhaps \$5.1 billion went to—

**Mr GARDNER:** Sorry. I was thinking you were asking for a more granular breakdown of that second number but, yes, that is exactly right.

**The Hon. DANIEL MOOKHEY:** We will take that. I should get a job with Treasury.

**Mr GARDNER:** You should.

**The Hon. DANIEL MOOKHEY:** Do you have the trend figures for the year before?

**Mr GARDNER:** The year before was \$3.3 billion with small businesses out of \$8.4 billion, so \$5.1 billion was the balance as well.

**The Hon. DANIEL MOOKHEY:** That means the proportion has held relatively constant.

**Mr GARDNER:** Yes, very. It has gone from 39 per cent to 42 per cent with small businesses.

**The Hon. DANIEL MOOKHEY:** Small and medium businesses.

**Mr GARDNER:** No, that is just small businesses. The total SME spend, small and medium businesses, has gone from \$8.4 billion to \$8.8 billion. The small business has gone from \$3.3 billion to \$3.7 billion so small businesses comprise 100 per cent of that increase in dollar amount.

**The Hon. DANIEL MOOKHEY:** I get that but for the purposes of the 100 per cent, you are using the \$8.4 billion, not the total New South Wales Government spend?

**Mr GARDNER:** That is right, yes. So you want it as a total spend?

**The Hon. DANIEL MOOKHEY:** Total spend.

**Mr GARDNER:** So the 8.8 is 40 per cent.

**The Hon. DANIEL MOOKHEY:** If 8.8 is 40 per cent I can do the maths on that. Do you have the figure for the year previous?

**Mr GARDNER:** It was 8.4, which was 41 per cent.

**The Hon. DANIEL MOOKHEY:** So it has gone down by 1 per cent. Is that just a natural fluxion?

**Mr GARDNER:** You have that headline total growth in procurement that has gone from 31 to 34 largely as a result of big projects like metro. So you have some big-end stuff that has gone up, which then pushes down—while that small business number has gone down.

**The Hon. DANIEL MOOKHEY:** Do you have this broken up by capital expenditure in the recurrent?

**Mr GARDNER:** No.

**The Hon. DANIEL MOOKHEY:** You do not maintain data at that level?



**Mr GARDNER:** No, that is more of a budget accounting issue. We do not translate this into that. Sorry, of the \$34.9 billion that construction spend is—for 2018-19 goods and services is \$15.8 billion.

**The Hon. DANIEL MOOKHEY:** Is this whole-of-government spending?

**Mr GARDNER:** Whole-of-government spend across everything.

**The Hon. DANIEL MOOKHEY:** So \$15.8 billion was goods and services?

**Mr GARDNER:** Yes. Then \$13 billion on construction.

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

**Mr GARDNER:** Then \$3.4 billion on medical and \$2.7 billion on information and communications technology.

**The Hon. DANIEL MOOKHEY:** Are you in a position to provide SMEs by category on notice, or is that stretching the limits of what we can record?

**Mr GARDNER:** We can do that on notice, yes.

**The Hon. DANIEL MOOKHEY:** Thank you. Is it possible to get the same figures for the financial year previous?

**Mr GARDNER:** Yes.

**The Hon. DANIEL MOOKHEY:** I am going to be ambitious here and ask for the year previous to that too, so we have three years of data. Yes?

**Mr GARDNER:** Yes, we can do that.

**The Hon. DANIEL MOOKHEY:** Thank you. Under the procurement framework, is there a requirement or a weighting given to—particularly on train acquisitions and such—Australian content?

**Mr GARDNER:** No. Sorry, that is construction procurement. Construction procurement is not run through NSW Procurement.

**The Hon. DANIEL MOOKHEY:** It is in the clusters.

**Mr GARDNER:** It is done in the cluster level, yes.

**The Hon. DANIEL MOOKHEY:** But the board has the ability to set some rules or provide advice on that, does it not?

**Mr GARDNER:** We obviously do have ability to issue directions. Particularly for the local content, that would have to be driven by government policy and would have to be in compliance with the international procurement agreements and our objectives around value for money and against all of the other objectives for procurement.

**The Hon. DANIEL MOOKHEY:** Has there been any policy guidance or directions that have been issued in that respect?

**Mr GARDNER:** No.

**The Hon. DANIEL MOOKHEY:** Has there been anything which prohibits an agency from being able to do that?

**Mr GARDNER:** The procurement agreements and the value-for-money constraints are the things that would constrain an agency from doing that.

**The Hon. DANIEL MOOKHEY:** Are they meant to self-assess under that framework whether it does or not, or do you expect them to?

**Mr GARDNER:** They have an accreditation and an attestation approach, so they have to attest that they have complied with the procurement policies of the procurement board.

**The Hon. DANIEL MOOKHEY:** When you say that there are requirements to comply with international treaties, which ones are you specifically mentioning?

**Mr GARDNER:** There are a couple of them. There is the Comprehensive and Progressive Agreement for the Trans-Pacific Partnership and there is the World Trade Organisation Agreement on Government Procurement. They are the two of them.

**The Hon. DANIEL MOOKHEY:** And that applies to all Australian governments?

**Mr GARDNER:** That is right, yes. They are entered into by the Commonwealth Government.

**The Hon. DANIEL MOOKHEY:** What is the interpretation that has been adopted by the board in that respect?

**Mr GARDNER:** They are quite clear on the requirements around open tender processes and not precluding foreign participants or favouring domestic suppliers. That is both direct and through third parties. So there is a complaints mechanism that people can pursue through that. It is all set out in both the procurement board directions and the relevant regulations.

**The Hon. DANIEL MOOKHEY:** Do agencies have the ability to come to you and seek determinations?

**Mr GARDNER:** No. Again, they have to comply with the procurement policy framework. It includes those provisions under the international agreement. So it is their responsibility to comply.

**The Hon. DANIEL MOOKHEY:** So when we have various issues that are advanced by either the Government or, for that matter, the Opposition, particularly, for example, buy local-schemes, they are not, in your view, to progress any of those requirements?

**Mr GARDNER:** No, mainly because a lot of them are below the international agreement thresholds.

**The Hon. DANIEL MOOKHEY:** What are the international agreement thresholds?

**Mr GARDNER:** The international agreement thresholds are \$638,000 for goods. I will just confirm that. It is \$670,000 for goods and services and it is higher for construction.

**The Hon. DANIEL MOOKHEY:** So \$638,000 for goods and services. Is that in a single transaction or from a single supplier?

**Mr GARDNER:** It is \$9.24 million for construction.

**The Hon. DANIEL MOOKHEY:** Mr Gardner, I think I am prepared to declare my questioning of your procurement practices over.

**Mr GARDNER:** Thank you. I will get those numbers on the workforce. I will just check if they have not come in already.

**The Hon. DANIEL MOOKHEY:** Have we had any further update about the investigation into the construction company from this morning?

**Ms WILKIE:** Ostwald Brothers?

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

**Ms WILKIE:** Yes, we can provide some updates on that. I need to make two corrections as well. Apparently there was not a media release issued by the Minister on Ms Hobbs. There was an internal departmental communication, which is what I was remembering. The Minister decided that on the basis that it was a medical issue it was not appropriate to issue a media release.

**The Hon. DANIEL MOOKHEY:** How were we to know that? Still, to this point we are maintaining a public view that Ms Hobbs is in the job. How are people to know that she was not?

**Ms WILKIE:** Particularly when we did not update the website. Yes, there is an issue there.

**The Hon. ROSE JACKSON:** This is literally the first we have heard of it today. We came into this hearing thinking she was on leave. It is now March.

**The Hon. DANIEL MOOKHEY:** Was it in the *Government Gazette*?

**Ms WILKIE:** I do not believe so.

**The Hon. DANIEL MOOKHEY:** Mr Brady, how many instruments have been discharged which have appointed you as the acting commissioner? Is it a continuing, rolling thing?

**Mr BRADY:** They have been done for set periods of time.

**The Hon. DANIEL MOOKHEY:** What is the average period of time that you have been designated as?

**Mr BRADY:** I think the first appointment was for six weeks.

**The Hon. DANIEL MOOKHEY:** So you are on a rolling six-week repeat?

**Mr BRADY:** Not necessarily for the same period. Just depending on what the arrangement with Ms Hobbs was and what the department thought was appropriate.

**The Hon. DANIEL MOOKHEY:** Just to unpack the technicality of that, why was the decision not made to just keep you in the position until it was filled? Why were you on a six-week—

**Mr BRADY:** It is truly not appropriate for me to comment on my own appointment and the thoughts behind that.

**The Hon. DANIEL MOOKHEY:** Ms Wilkie, you are welcome to comment.

**Ms WILKIE:** Because it was medical leave there was a degree of uncertainty. For the first period of time that Ms Hobbs was on medical leave, indeed there was no-one who was interim commissioner. When we got to the point of time that that was looking like it was a four to six week period and it was going to be extended, it became clear that we needed to put in place an interim commissioner. From that point we appointed Mr Brady. Again because at each point in time that we have made a decision the Minister has to appoint an interim commissioner for an express period of time, so at each point in time we have made a determination of what was the likely period of time we required somebody to be in the role. It has usually been a period of four to six weeks on the basis of advice from Ms Hobbs and/or her doctor or on the basis of, in December, how quickly we thought we were going to be able to have a permanent commissioner appointment process in place.

**The Hon. ROSE JACKSON:** For that December appointment that you made on 19 or 20 December or presumably whenever that was finalised internally, how long was that period of time?

**Ms WILKIE:** That was put in place through until the end of February at that point.

**The Hon. ROSE JACKSON:** So you have actually presumably just signed another one—that has just expired.

**Ms WILKIE:** Mr Brady is in the role until 9 March, which is on Monday. He takes on a new role at the Department of Customer Service at that time. So we are looking at what—

**The Hon. ROSE JACKSON:** Hoping for a ministerial decision out of those three meetings, I presume.

**Ms WILKIE:** As I have already said, there was a period of time when we did not have a commissioner or an interim commissioner in place. We know that there are certain duties, as Mr Brady has already explained, that the commissioner can only do under the Act but the commissioner also does not have delegation for staff and for financial delegations. So there are certain functions of the commissioner and the commission that keep going in the commissioner's absence. If it is not looking like we will get something resolved quickly then we will need to appoint another interim commissioner—or the Minister will need to appoint another interim commissioner.

**The Hon. DANIEL MOOKHEY:** What was the period of time in which we did not have a commissioner?

**Ms WILKIE:** It was about six weeks from the time Ms Hobbs went on leave in the middle of August until Mr Brady was appointed towards the end of September.

**Mr BRADY:** There was a commissioner, she was just on leave.

**Ms WILKIE:** Leave, yes.

**The Hon. DANIEL MOOKHEY:** Okay. I want to be clear about the precise distinction there. She was still functioning in the role.

**Ms WILKIE:** That is correct. She was on medical leave. Yes. Sorry.

**The Hon. DANIEL MOOKHEY:** So there was not a vacancy in the office.

**Ms WILKIE:** No.

**The Hon. DANIEL MOOKHEY:** Right. It is a statutory office, though, isn't it?

**Ms WILKIE:** That is correct.

**The Hon. DANIEL MOOKHEY:** And statutory offices have to be posted in the gazette when there are changes—isn't that the way it works?

**Ms WILKIE:** I am not sure under this piece of legislation, to be honest. I would have to take that on notice.

**The Hon. DANIEL MOOKHEY:** But the Governor has to sign appointments to statutory office.

**Ms WILKIE:** The Act enables the Minister to appoint an interim commissioner if that is required.

**The Hon. DANIEL MOOKHEY:** But it does not need to be taken to the Executive Council, noted by the Governor and published in the gazette?

**Ms WILKIE:** For the appointment of an interim commissioner, no.

**The Hon. DANIEL MOOKHEY:** But there were no voluntary disclosures in the gazette either, to the best of your knowledge.

**Ms WILKIE:** Not that I am aware of, no.

**The Hon. DANIEL MOOKHEY:** So really we just did not tell anyone that this had happened.

**The Hon. NATALIE WARD:** It might have been sensitivity around her medical condition.

**The Hon. DANIEL MOOKHEY:** I accept the commissioner is in ill health but she is not the first person in statutory office who finds themselves in such a circumstance and that is not really the issue. The issue is that there was no communication being provided to the public about any of this until we asked this question today. If we had not asked this question today, when was it the department's intention or, for that matter, the Minister's intention to tell anyone that the Small Business Commissioner had resigned?

**Ms WILKIE:** That is a question for the Minister.

**The Hon. DANIEL MOOKHEY:** Were you under any legal obligation to tell, to the best of your knowledge?

**Ms WILKIE:** Not to my knowledge. As I said, we will have to take the question around the gazettal on notice.

**The Hon. DANIEL MOOKHEY:** All right. Congratulations, by the way, Mr Brady, for your—

**The Hon. ROSE JACKSON:** Your new role at the Department of Customer Service. Mr Mookhey does those estimates too, you will be pleased to know.

**The Hon. DANIEL MOOKHEY:** Yes. What is your new role, by the way?

**Mr BRADY:** Chief operating officer.

**The Hon. DANIEL MOOKHEY:** Lucky you. Does that mean you are no longer the Chief Commissioner of State Revenue?

**Mr BRADY:** It does.

**The Hon. DANIEL MOOKHEY:** When are you going to cease to be the Chief Commissioner of State Revenue?

**Mr BRADY:** Midnight Sunday night.

**The Hon. DANIEL MOOKHEY:** So I get to be at your last parliamentary appearance in this role.

**The Hon. NATALIE WARD:** See what you have done? You have driven him out.

**The Hon. DANIEL MOOKHEY:** I will try to drag this out for as long as I can. I will try to make this worth your effort.

**Mr BRADY:** I appreciate it, Mr Mookhey.

**The Hon. DANIEL MOOKHEY:** Congratulations. When are we going to have a new chief commissioner?

**Mr BRADY:** Mr Smythe will be acting as the chief commissioner until the appointment process has been completed.

**The Hon. DANIEL MOOKHEY:** Congratulations, Mr Smythe.

**Mr SMYTHE:** Thank you, Mr Mookhey.

**Mr BRADY:** The role has been advertised and an appointment process is underway.

**The Hon. DANIEL MOOKHEY:** When do you anticipate the—

**Mr BRADY:** I am not driving the appointment of my own replacement.

**The Hon. DANIEL MOOKHEY:** No, I get that, but when is the actual closing date for applications?

**Mr BRADY:** I will have to take that on notice, Mr Mookhey.

**The Hon. DANIEL MOOKHEY:** Mr Smythe, do you know?

**Mr SMYTHE:** No, I do not. Sorry.

**The Hon. DANIEL MOOKHEY:** Okay. Do we have a timetable for the replacement?

**Mr GARDNER:** Sorry, I was just going to—

**The Hon. DANIEL MOOKHEY:** We will come back to you, Mr Gardner, and then you can get out. I will suspend the questioning of the others and allow Mr Gardner to answer so he can then leave.

**Mr GARDNER:** Thank you, Mr Mookhey. The Essential Energy workforce 30 June 2018 was 2,925. That increased over the subsequent year to 3,053. Sydney Water was 2,466. That also increased to 2,572. Forestry Corporation increased from 520 to 532. That international procurement agreement goods and services threshold is 657,000, just for clarification. I gave you a number that was a bit lower than that previously.

**The Hon. DANIEL MOOKHEY:** Got it.

**Mr GARDNER:** Thank you very much.

**(Mr Gardner withdrew.)**

**Mr BRADY:** Mr Mookhey, I understand the interviews are taking place next week, so the process is well underway. The applications closed on Monday.

**The Hon. DANIEL MOOKHEY:** And when did you give notice? When did this all happen?

**Mr BRADY:** Notice was a couple of weeks ago.

**The Hon. DANIEL MOOKHEY:** Have there been public statements made about your departing from that role?

**Mr BRADY:** The staff have been notified. I do not believe there has been any public statement at this stage.

**The Hon. DANIEL MOOKHEY:** Chief Commissioner, I want to go through a couple of matters which you have initiated legal actions about just to find out a bit more of the nature of what exactly it is that we are trying to do in the courts as well. The first one I want to ask is that you have initiated action in the Supreme Court in the matter of *Western Sydney University Early Learning Ltd v Chief Commissioner of State Revenue*. What is that about?

**Mr BRADY:** I might ask Mr Smythe. He runs most of our court processes. I will ask Mr Smythe to respond.

**Mr SMYTHE:** I am not aware that we have initiated legal proceedings.

**The Hon. DANIEL MOOKHEY:** Oh, they have—yes.

**Mr SMYTHE:** It is quite common for us to defend actions. I am not across all of the details. From memory I believe it may be a payroll tax related matter.

**The Hon. DANIEL MOOKHEY:** Are they disputing the assessment?

**Mr SMYTHE:** I do not have the details, I am sorry. I am sure the details are available, though, on the papers that have been filed in relation to the matter.

**The Hon. DANIEL MOOKHEY:** Yes. I presume they have put a statement of claim in of some form or some form of pleading in to the Supreme Court to initiate the matter. Hence I am asking, as it is public, what they are alleging or at least what you are, but you do not know?

**Mr SMYTHE:** I have to take it on notice.

**The Hon. DANIEL MOOKHEY:** The one I am interested in is *Wongawilli Coal Pty Limited v Chief Commissioner of State Revenue*. Do you have any information as to what that matter is about?

**Mr SMYTHE:** No, I do not. No doubt it does not come as a surprise that there are a number of people and organisations that are not always satisfied with the taxation assessments that we issue. So the majority of matters in court are initiated by taxpayers seeking to challenge the assessments.

**The Hon. DANIEL MOOKHEY:** I just singled that one out. I should be clear that is because that one has arisen from a series of disputes down there—or I am not sure whether it has or not but there has been some local controversy around that company. I should just declare that I have met the leadership of that company a few times—not about this matter, just in social settings at functions you may have been at too. Effectively it is a scenario where at least the public recording about this company is about non-payment of a mining management company that has led to that company having to go into insolvency as well as a bit of a dispute effectively about phoenixing. It is not exactly phoenixing; it is likened to phoenixing. That company was being subjected to a fit and proper person assessment by the planning department in terms of their mining licence and their eligibility to hold a mining licence. But all of a sudden they have now appeared in the Supreme Court as taking us to court. I want to know what it is about. Do we have any further information that you can provide to us on notice or later on in the hearing?

**Mr SMYTHE:** I will take that on notice.

**The Hon. DANIEL MOOKHEY:** That would be good. Because I also want to know the interaction between that proceeding or any other dispute that might be there with the fit and proper person assessment and namely whether or not you have been asked to provide a view and whether or not you have provided a view. I actually do not want to know what view you have on that matter or what the advice is that you have provided, but it is something which is of course causing some concern to the workforce down there and in the broader Illawarra region as it is a pretty large operation.

**Mr SMYTHE:** Sure.

**The Hon. ROSE JACKSON:** I will ask about the First Home Buyers Assistance Scheme. I wondered if we could get some information about how many first-time buyers have claimed the grant for a new home in the financial year to date.

**Ms WILKIE:** That is data that Mr Brady collects.

**The Hon. ROSE JACKSON:** We are looking for how many first-time buyers have claimed the first home buyers scheme and also it would be useful to have the monetary value of the grants.

**Mr BRADY:** I have the data. Approximately \$1.2 billion has been provided in exemptions and concessions via 80,083 applications from July 2017 to December 2019.

**The Hon. ROSE JACKSON:** What was December?

**Mr BRADY:** For the First Home Buyers Assistance Scheme. The First Home Owner Grant —

**The Hon. ROSE JACKSON:** I missed the dates.

**Mr BRADY:** From July 2017 to December 2019. That was the First Home Buyers Assistance Scheme. For the First Home Owner Grant \$230.9 million was provided from 20,432 applications from July 2017 to December 2019.

**The Hon. ROSE JACKSON:** And it is possibly there as well, how many first-time buyers received an exemption on transfer duty?

**Mr BRADY:** That was the First Home Buyers Assistance Scheme that I referred to.

**The Hon. ROSE JACKSON:** I understand you can receive a full exemption or a partial exemption. That is the case, is it not?

**Mr BRADY:** There is a sliding scale depending on the value of the property.

**The Hon. ROSE JACKSON:** Yes. You can take it on notice if you prefer but do you have information about how many people are receiving the different tranches along the sliding scale?

**Mr BRADY:** I do not have a data with me but I could take it on notice.

**The Hon. ROSE JACKSON:** It would be useful to know the numbers in terms of who is receiving—

**Mr BRADY:** The full versus a partial.

**The Hon. ROSE JACKSON:** —the full versus partial exemption.

**The Hon. DANIEL MOOKHEY:** I want to now talk about your call centres, Mr Brady. We learnt last time that you have them in Gosford, Lithgow and Maitland.

**Mr BRADY:** That is right

**The Hon. DANIEL MOOKHEY:** And they are in the process of transferring to Service NSW?

**Mr BRADY:** Partially, yes.

**The Hon. DANIEL MOOKHEY:** Where are we up to on that project?

**Mr BRADY:** We are in consultation with staff at the moment. You might be aware that we have been working with Service NSW for a number of years around call handling. As of today, they handle around 1,100 calls for us per day out of the total of 6,000 to 8,000 calls that we receive. This process is intended to extend beyond the fairly simple call handling to take in a broader range of customer services. We have extended the consultation to engage with the staff. We have done roadshows with the staff over December and January to give them the full details of the transition. We expect that by the end of June we will have completed the transition arrangements.

**The Hon. DANIEL MOOKHEY:** Just be clear, staff are transitioning from Revenue NSW to Service NSW?

**Mr BRADY:** Some staff will, some will be retained with Revenue NSW.

**The Hon. DANIEL MOOKHEY:** Do you have a breakdown?

**Mr BRADY:** The final numbers will come out of the consultation process but we anticipate approximately 200 staff transitioning to Service NSW.

**The Hon. DANIEL MOOKHEY:** Out of how many working in the call centres?

**Mr BRADY:** Out of 280 total.

**The Hon. DANIEL MOOKHEY:** That is quite a lot who will be going across.

**Mr BRADY:** That is right.

**The Hon. DANIEL MOOKHEY:** When you say this is subject to consultation, does the consultation have the ability to meaningfully impact on it or is that decision already made?

**Mr BRADY:** The fact of transition is a decision that has been made but the consultation with staff is taking into account things like flexibility in their roster arrangements, the opportunities that are available for them in Service NSW, where they get access to a broader range of work types and potentially even transition into service centres. Really it is a broad range of things that impact staff on a day-to-day basis.

**The Hon. DANIEL MOOKHEY:** Of the 200 staff who are transferring, is it that they will be doing work that is hitherto to be performed by Revenue NSW at Service NSW for Revenue NSW? Is that exclusively the work they will be performing there?

**Mr BRADY:** No, it is not. In fact, the entire concept here is to improve the customer experience for citizens of New South Wales. You can imagine that people who are dealing with fines that the skills and the understanding of the relevant legislation et cetera it is closely aligned to other road-type matters. We would anticipate that there would be a broader set of things that can be dealt with on a single phone call. You may be able to renew your registration and deal with an outstanding fine matter in the same time. We would also see that, over time, some of our staff may want to transition into totally different types of call handling within Service NSW.

**The Hon. DANIEL MOOKHEY:** Is it envisaged that existing Service NSW staff who have not performed these duties for Revenue NSW will be performing these duties?



**Mr BRADY:** As I said earlier, there is a team of staff in Service NSW to perform services for Revenue. They do other things besides Revenue NSW work today and we expect that to continue.

**The Hon. DANIEL MOOKHEY:** You made some reference to it there: There are specific requirements under the Fines Act.

**Mr BRADY:** That is right.

**The Hon. DANIEL MOOKHEY:** The Service NSW staff who will hitherto not have performed these roles but will be performing these roles, what training is going to be provided?

**Mr BRADY:** All of our knowledge articles, all of our processes and the on-the-ground management teams are all going with Service NSW as well so it is not like sending them off into a void. They will continue to be supported with the ongoing training induction processes for the knowledge that we have today. We will continue to work with Service NSW around developments in legislation and continue to update those knowledge articles and processes.

**The Hon. DANIEL MOOKHEY:** Revenue NSW will effectively retain Service NSW as a service provider in this respect?

**Mr BRADY:** Yes. I would just say it is a broader and closer relationship. It is not like we are outsourcing. We work closely together to look after the customers' end-to-end experience.

**The Hon. DANIEL MOOKHEY:** Is going to be effected through a contractual instrument or an agreement or a memorandum of understanding?

**Mr BRADY:** Given we are part of the one cluster, I think what we are looking at is more a working together to deliver outcomes.

**The Hon. DANIEL MOOKHEY:** The Revenue NSW staff that are transferring to Service NSW will then be performing the work under the Service NSW award?

**Mr BRADY:** That is correct. There is an issue where the Crown award and the Service NSW award at different levels do not quite line up. Part of what we are saying with the transition of staff from Revenue NSW is that they will retain their existing salary even if it is slightly above the Service NSW salary for the same work level. They will continue to receive CPI increases.

**The Hon. DANIEL MOOKHEY:** Is it envisaged over time that Service NSW staff will come up to the Revenue NSW staff?

**Mr BRADY:** We would hope that through increments of whatever it might be that they would gradually align. What we have tried to do is strike a balance which is fair to both the existing Service NSW staff and the Revenue NSW staff.

**The Hon. DANIEL MOOKHEY:** It is the case that after this transition is affected that two people will be performing identical work and being paid differently?

**Mr BRADY:** That is right.

**The Hon. DANIEL MOOKHEY:** Do you have estimates to how many of them?

**Mr BRADY:** No, I will have to take that on notice.

**The Hon. DANIEL MOOKHEY:** Are you concerned, which I think you have just alluded to, that this will affect further incremental progression for both Service NSW staff and Revenue NSW staff? Do you accept that?

**Mr BRADY:** The current arrangement being consulted with staff will see the Revenue NSW staff not progress in their increments until such time as the Service NSW equivalent pay point is caught up and then proceed together. That is part of the discussion we are having with the staff at the moment.

**The Hon. DANIEL MOOKHEY:** For the 200 staff that you are transferring it is not unfair to describe it as they will start with higher pay but that their pay will not go up over time.

**Mr BRADY:** It will go up with the CPI.

**The Hon. DANIEL MOOKHEY:** But not in line with the increments increase?

**Mr BRADY:** That is the proposal we are discussing with staff today.



**The Hon. DANIEL MOOKHEY:** So they are effectively going to have to take a wage freeze. Is that an unfair way of describing this transitional arrangement?

**Mr BRADY:** Well, it is not frozen. They will be receiving CPI increases.

**The Hon. DANIEL MOOKHEY:** Okay, so they will have the real value of their wages preserved but it is not going to increase.

**Mr BRADY:** Depending on if they receive a promotion or transfer to other activities, they may well get—

**The Hon. DANIEL MOOKHEY:** But the increments that they ordinarily were getting they are not and we do not know how long that is going to last for.

**Mr BRADY:** That is the proposal that we are discussing with staff at the moment.

**The Hon. DANIEL MOOKHEY:** Well, how long is the transition period envisaged for?

**Mr BRADY:** I do not have those numbers with me, Mr Mookhey.

**The Hon. DANIEL MOOKHEY:** It is not an uncommon scenario, particularly after mergers, that these things do happen. In the private sector I have negotiated a variance myself to that effect but usually by this point in time we would have resolved the transition. Do you know when the transition will be resolved for these workers, or is it effectively—

**Mr BRADY:** I have to take that question on notice.

**The Hon. DANIEL MOOKHEY:** Okay. Has a decision been made in that respect?

**Mr BRADY:** We have got a proposal before staff that we are consulting on so in fact the final decision will be dependent on the outcomes of that consultation.

**The Hon. DANIEL MOOKHEY:** When is that going to be?

**Mr BRADY:** I do not have the exact date with me, Mr Mookhey, but the consultation, I believe, runs for another week or two.

**The Hon. DANIEL MOOKHEY:** Is that the consultation that is envisaged in the Crown award or the Service NSW award, or both awards? Which consultation clause are you using? Who is actually leading this consultation, I should ask?

**Mr BRADY:** The Department of Customer Service is leading that consultation.

**The Hon. DANIEL MOOKHEY:** Of your staff?

**Mr BRADY:** My staff are part of the Department of Customer Service.

**The Hon. DANIEL MOOKHEY:** Okay. Is it being led by you?

**Mr BRADY:** It is a combination. Obviously we have Service NSW. We have Revenue NSW. There are staff within the Better Regulation Division of the department who are affected as well.

**The Hon. DANIEL MOOKHEY:** Trust me, we will unpack that on Monday, I am sure.

**Mr BRADY:** Of course, and we have our people and culture representatives who are supporting those discussions with staff as well. I have presented with Damon Rees to the staff around the arrangements. We are receiving inquiries back through our people and culture team from staff and issuing responses to those inquiries. Then at the end of the consultation period the input from the staff will come back to a steering committee, which will then decide the best way in which to resolve the issues.

**The Hon. DANIEL MOOKHEY:** That is the department's procedures but in terms of the legal requirements imposed upon the department to consult, do you know which award it is being negotiated on?

**Mr BRADY:** I will have to take that on notice.

**The Hon. DANIEL MOOKHEY:** Okay. I think we might pick up on a few matters that arose from the last estimates hearings as well.

**Mr BRADY:** I do have some responses to the questions from earlier in the day, if you would like them.

**The Hon. DANIEL MOOKHEY:** Sure. Yes.

**Mr BRADY:** A question that arose in relation to the fines in bushfire-related areas: What we have done is, rather than having people having to apply for some sort of leniency we have automatically applied a stay on the issuance of fines or enforcement actions in those bushfire-related areas.

**The Hon. DANIEL MOOKHEY:** Are you using the disaster declarations to define the areas?

**Mr BRADY:** That is initially what we have done. What happens is over time we get more granular data and we get information say, for instance, from Spatial Services who can tell us what streets were affected. What will tend to happen is that the stays will be quite broad initially and as we get better information we will narrow it down. On 31 January we had 7,800 customers to the value of \$12.6 million where we had stayed action. By 11 February we were down to 3,642 customers with \$6.5 million dollars worth of fines and then as of 5 March it is down to 430 customers with \$644,000 worth of fines. From this point we will reach out individually to customers and try to understand their particular circumstances and whether we should be arranging a time-to-pay arrangement, a deferral, or whether it is appropriate for us to be writing off those fines.

**The Hon. DANIEL MOOKHEY:** Is there any additional—

**Mr BRADY:** In relation to the Haberfield land tax issues, we have been working with the Valuer General to identify the impacted customers as a result of the infrastructure work. We have made contact with the customers who were issued with erroneous assessments. There were 11 files identified as impacted and they were reassessed due to those changes. There have been four notices of assessment reissued. The rest were not issued as there was not a liability.

**The Hon. DANIEL MOOKHEY:** Is the implication that you have completed your assessment as to how many people were affected, or those you have only identified so far?

**Mr BRADY:** No, we have fully identified every affected person and have spoken with them.

**The Hon. DANIEL MOOKHEY:** Okay. When did that finish?

**Mr BRADY:** We contacted them all by phone. I do not have a specific date when it finished but we were onto it quickly.

**The Hon. DANIEL MOOKHEY:** Okay.

**Mr BRADY:** Payroll tax—we were asked about the largest compliance outcomes from payroll tax assessment. In 2018 our largest assessment was \$6,719,068.

**The Hon. DANIEL MOOKHEY:** From one employer?

**Mr BRADY:** That is right. Our second biggest was \$4.79 million, then \$3.1 million, \$2.6 million and \$2.6 million.

**The Hon. DANIEL MOOKHEY:** Did we collect penalty tax on that?

**Mr BRADY:** We received interest and penalties.

**The Hon. DANIEL MOOKHEY:** But did you impose penalty taxes on that?

**Mr BRADY:** I cannot speak about each individual. I do not have that detail but if someone comes forward and will self-declare that they have had an error, then in that case we will have an arrangement where there may well not be penalties but there will be interest. But where we have had to go and find a party through our identification processes, then generally penalties and interest will apply.

**The Hon. DANIEL MOOKHEY:** You just said that that was related to your compliance activity.

**Mr BRADY:** Yes.

**The Hon. DANIEL MOOKHEY:** The implication being that you went out and found this money.

**Mr BRADY:** Yes.

**The Hon. DANIEL MOOKHEY:** Not that they came and knocked on your door and said, "Oops."

**Mr BRADY:** Well, it could be either.

**The Hon. DANIEL MOOKHEY:** Which one? Does this arise from compliance activities, or was this them coming to you and saying, "We made a mistake"?

**Mr BRADY:** We would call it compliance as well.

**The Hon. DANIEL MOOKHEY:** Okay. But for the purposes of the distinction you just drew between whether or not you will impose penalty tax I am just trying to understand whether this resulted from your compliance program as in your proactive form of data matching and all the other measures that you have described.

**Mr BRADY:** I would have to take that on notice and come back with further information.

**The Hon. DANIEL MOOKHEY:** I might jump back into some of those questions I was asking the Minister this morning. In terms of your ability to recover from directors and former directors, how many of those have taken place?

**Mr SMYTHE:** I would have to take that one on notice for sheer quantity.

**The Hon. DANIEL MOOKHEY:** When you say "sheer quantity", the implication being that you do this routinely?

**Mr SMYTHE:** We definitely do it. It is one of the tools that is being provided to us under the Tax Administration Act and we do try to take advantage of those to ensure that the requisite amount of tax is paid.

**The Hon. DANIEL MOOKHEY:** Yes. If you are going to take it on notice, can we find out, firstly, the amount of money that is being collected under your section 26 powers which relates to your penalty tax?

**Mr SMYTHE:** Yes.

**The Hon. DANIEL MOOKHEY:** Can we get that for the last three years—how much penalty tax has been collected under section 26—if that is possible? If we can get, under section 47B, the number of directors and former directors that you have pursued, particularly those of insolvent companies I am interested in; and the number of prosecutions that have taken place under part 3 section 10. By the way, do you ever go to court under part 3 section 10? That is a line to you, Mr Brady.

**Mr BRADY:** I am not aware of us ever having taken someone to court.

**The Hon. DANIEL MOOKHEY:** Do you have to, or can you just issue the penalty?

**Mr SMYTHE:** We have not pursued anything, or definitely have not gone to court. But, from memory, given that it is a penalty that requires an action to enforce—

**The Hon. DANIEL MOOKHEY:** Yes, it does. You probably issue a penalty infringement notice and then—I do not know what the procedure is if it is 100 penalty units. What do you have to do?

**Mr SMYTHE:** I do not have any practical experience of that. I have not had to look to enforce that in the time I have been at Revenue.

**The Hon. DANIEL MOOKHEY:** So we do not usually use that power?

**Mr SMYTHE:** It has been raised in discussions. I know that in a number of cases once someone's attention has been drawn to that particular section—

**The Hon. DANIEL MOOKHEY:** It has a deterrent effect.

**Mr SMYTHE:** It may or may not. It is usually part of a suite of factors that are raised in any of our negotiations. I can say that they are generally more successful than I believe they would be if we did not have that section.

**The Hon. DANIEL MOOKHEY:** I do not think anyone is suggesting that the section be removed.

**Mr SMYTHE:** Thank you.

**The Hon. DANIEL MOOKHEY:** I am more interested in how often it is being used, particularly if we are collecting such monies about people who are not providing you with accurate information. I would like to know what the attitude is towards using that power. By the way, did you enter into any special tax arrangements with anyone in the last year under the Taxation Administration Act?

**Mr SMYTHE:** I will take that one on notice, especially to the extent that any facts or numbers may be required. It is a broad power that does allow us to take the practical considerations for various industries into account when we are looking at how they comply with the legislation.

**The Hon. DANIEL MOOKHEY:** Presumably it also allows you to organise or bilaterally negotiate remediation schemes and remediation payments as well?

**Mr SMYTHE:** Remediation?

**The Hon. DANIEL MOOKHEY:** When people owe you money and they need to work it out with you how fast they will pay it.

**Mr SMYTHE:** What we do there is usually not done under that power.

**The Hon. DANIEL MOOKHEY:** Okay, fair enough. But on notice can we get back what special tax arrangements are in place? Do you have a requirement to publish when you enter into such an arrangement? I do not think you do.

**Mr SMYTHE:** No.

**The Hon. DANIEL MOOKHEY:** Can we find out how many are currently active and, if there are any that are active, when they will cease to be active or if they expire under any certain arrangements? Can we get some categorical description of what precisely those special tax arrangements are and why they were entered into, if there are any?

**Mr SMYTHE:** Yes. I will see what information we hold on those.

**The Hon. DANIEL MOOKHEY:** Okay. I am pretty determined to get you out of here by 3.30, so I will rush through a couple more questions. Commissioner, you came back with answers to questions that arose last time about investigations in the gig economy. You said that three investigations were underway at the time. Where are we up to on those investigations?

**Mr BRADY:** I am not sure specifically. Obviously we do not know which specific cases they are, Mr Mookhey.

**The Hon. DANIEL MOOKHEY:** I will read you the question and answer if that helps. It is on page 1 of your answers on notice to the September round. The question was, "How many active investigations do you have underway into organisations in the gig economy?" The answer was, "Revenue NSW currently has three active investigations underway relating to the gig economy."

**Mr BRADY:** Can I come back to you with the details? I want to make sure I get specifically what that is.

**The Hon. DANIEL MOOKHEY:** Sure. You also confirmed on notice that Foodora disappeared without paying its payroll tax, which is quite annoying given that it was almost half a million dollars.

**Mr BRADY:** Yes.

**The Hon. DANIEL MOOKHEY:** Are we pursuing its former directors that are still Australian residents or not?

**Mr SMYTHE:** I believe that we need to take that on notice.

**The Hon. DANIEL MOOKHEY:** I can only presume we have the power within the Taxation Administration Act for this type of scenario. Can we get an answer on that on notice? That would be good. With the small business incentive scheme grants, we learnt on notice that \$19.2 million of the \$23.5 million allocated to the scheme has been paid to eligible businesses. Does that scheme have an end date?

**Mr BRADY:** The Small Business Grant?

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

**Mr BRADY:** The program finished on 30 June 2019. There are anniversary payments still being administered.

**The Hon. DANIEL MOOKHEY:** I am getting confused between the Small Business Grant and the Jobs Action Plan payment.

**Mr BRADY:** They are two different things. The Jobs Action Plan is a rebate of payroll tax. The other one is a grant.

**The Hon. DANIEL MOOKHEY:** A \$5,000 grant?

**Mr BRADY:** That is right.

**The Hon. DANIEL MOOKHEY:** The changes made to limit it to 50 and below—

**Mr BRADY:** That is the Jobs Action Plan.

**The Hon. DANIEL MOOKHEY:** That is the Jobs Action Plan. Is the Small Business Grant the one that was made in accordance with the Small Business Grants (Employment Incentive) Act?

**Mr BRADY:** Yes.

**The Hon. DANIEL MOOKHEY:** Is there any thought of that scheme being renewed or reopened or is that it?

**Mr BRADY:** That is a policy question that is up to the Government.

**The Hon. DANIEL MOOKHEY:** Do you have views on why only \$19.2 million of the \$23.5 million was spent?

**Mr BRADY:** We processed the applications we received. I do not really have a view on why that program was taking up more or less than initially anticipated.

**The Hon. DANIEL MOOKHEY:** Has Treasury provided any policy advice to any of the Ministers about the success or otherwise of that scheme? Will the scheme be reviewed?

**Ms WILKIE:** Not that I am aware of to date. But to answer the question of why it has not taken up all the money, there are still rebates that can be paid out for another two years under that scheme. We do not know the full cost of that scheme at this stage or the full amount of the rebates at this stage.

**The Hon. DANIEL MOOKHEY:** But it is closed now, is it not?

**Ms WILKIE:** That is correct, but because of the way the program was structured, it is dependant on the number of jobs at the anniversary.

**Mr BRADY:** They need to retain the staff.

**The Hon. DANIEL MOOKHEY:** Okay. I now want to skip to the \$9 million we are owed in coal royalties. Who owes us that money?

**Mr BRADY:** I will have to take that question on notice, Mr Mookhey.

**The Hon. DANIEL MOOKHEY:** Okay. In terms of the enforcement of the coal royalties, what powers do you recover that under?

**Mr SMYTHE:** Under the Taxation Administration Act.

**The Hon. DANIEL MOOKHEY:** For royalties as well?

**Mr SMYTHE:** That is right. While the powers to levy royalties exist under the mining legislation—

**The Hon. DANIEL MOOKHEY:** The collection authorities—

**Mr SMYTHE:** That is right. At the front of the Taxation Administration Act there is a list of all the tax Acts. That includes the limited but specific provisions in the mining legislation.

**The Hon. DANIEL MOOKHEY:** Okay. With property seizures, you said that you issued 37,000 orders in 2018-19 but only actually executed one of them. That is quite a remarkable effect.

**Mr BRADY:** The fact that somebody receives a property seizure order is quite motivating. We have also found over time that property seizure orders have returned less money as appliances and things that people have available for seizure have become of less relative value. Its greatest value is in its motivation for people.

**The Hon. DANIEL MOOKHEY:** I might just put forward a whole bunch of questions for you take on notice to update data, if that helps?

**Mr BRADY:** Absolutely.

**The Hon. DANIEL MOOKHEY:** Can we get an update on the amount collected since 30 June 2019 on the passenger service levy? That levy is meant to be expiring pretty soon, is it not?

**Mr BRADY:** It does run for another couple of years, I believe.

**The Hon. DANIEL MOOKHEY:** I thought the five years were up at the end of this year.

**Mr BRADY:** I do not think so.

**The Hon. DANIEL MOOKHEY:** The last available information that was given was 2015 to 2020. It was not in the forward estimates as being collected beyond that. We have collected \$88 million. I do not think the funding profile that was in the budget paper includes it.

**Mr BRADY:** It is a five-year program. It goes until June 2021.

**Ms WILKIE:** It is expected to reach its maximum cap of \$250 million in 2021. I will have to check the budget papers, but I have a break down in my notes of the amounts given over the forward estimates.

**The Hon. DANIEL MOOKHEY:** Has the Government made a decision yet about whether this is going to continue?

**Mr BRADY:** As far as I am aware the policy has a fixed dollar cap and a fixed period.

**The Hon. DANIEL MOOKHEY:** Have you been asked for advice as to whether or not this should continue?

**Ms WILKIE:** No.

**The Hon. DANIEL MOOKHEY:** Have you been asked to provide any review of the success or otherwise of the levy?

**Ms WILKIE:** Not at this stage. With this sort of program we would not look to start reviewing it until it has expired.

**The Hon. DANIEL MOOKHEY:** In terms of the Revenue NSW collection aspect of this levy, when will you start winding down collection?

**Mr BRADY:** We will continue until the end of the scheme and the end of \$250 million.

**The Hon. DANIEL MOOKHEY:** Until the five years or until it reaches the \$250 million?

**Mr BRADY:** It is capped at \$250 million.

**The Hon. DANIEL MOOKHEY:** I thought it was capped at \$250 million or five years—whichever came first.

**Ms WILKIE:** It will cease at the earlier of the five years or the \$250 million.

**The Hon. DANIEL MOOKHEY:** So the outer limit on this is likely to be the five years, which, from the date of introduction, is 2021?

**Mr BRADY:** Yes, that is right.

**The Hon. DANIEL MOOKHEY:** Or unless you hit the \$250 million beforehand?

**Mr BRADY:** That is right.

**The Hon. DANIEL MOOKHEY:** Are we close to hitting \$250 million?

**Ms WILKIE:** Based on our current forecast, we expect it to reach the maximum cap in the financial year 2021-22, which is about the four-year mark.

**The Hon. DANIEL MOOKHEY:** So it will come off one year early?

**Ms WILKIE:** On current forecasts.

**The Hon. DANIEL MOOKHEY:** Can we get updated the figures that you provided us last time—since 30 June 2019 the amount collected by booking service providers and taxi service providers?

**Mr BRADY:** Yes.

**The Hon. DANIEL MOOKHEY:** How are we going in terms of outstanding land tax debt, which was \$239,799,976 as at 30 June last year?

**Mr BRADY:** You will appreciate that land tax is a very seasonal tax in terms of it is levied once a year. So what date you are looking at has a big impact on the amount that is outstanding.

**The Hon. DANIEL MOOKHEY:** On those, if we can get that figure updated as of this date that would be good.

**Mr BRADY:** Will do.

**The Hon. DANIEL MOOKHEY:** If we can get the same for payroll tax that would be good. If we can get the same for the royalties that would be good. I am done.

**The ACTING CHAIR:** Are you sure? Have you got any questions on notice?

**The Hon. DANIEL MOOKHEY:** We will get some.

**Ms WILKIE:** I just had a couple of things to update on. Treasury did advise the Committee that Ms Hobbs would not be appearing at this hearing because she was no longer the commissioner, in correspondence from Minister Tudehope on 14 February. So the Committee has been advised. The other thing was some of the numbers around the Small Business Strategy consultation. I thought I was giving you the number of sessions but I gave you the number of people.

**The Hon. DANIEL MOOKHEY:** I thought so. Twenty-eight sessions in six weeks—it did occur to me that that might be high.

**Ms WILKIE:** I got an urgent text from my staff saying, "It's people, not meetings." We will give you on notice the number of sessions.

**The Hon. DANIEL MOOKHEY:** So 12 submissions and 28 people.

**Ms WILKIE:** That is right, yes.

**The Hon. DANIEL MOOKHEY:** Are the 28 people from the same 12 submitters?

**Ms WILKIE:** Twenty-eight people in group sessions and then there were 37 people that were consulted in sort of bilateral discussions.

**The Hon. DANIEL MOOKHEY:** But was the 28 in addition to the 12 submitters or were they from the 12 submitters?

**Ms WILKIE:** Again, we would have to take that on notice to get a cross-reconciliation of whether it is the same people.

**The Hon. DANIEL MOOKHEY:** Okay.

**The ACTING CHAIR:** Thank you very much for coming today. The Committee will be in touch in the near future regarding any questions you took on notice, and I think there were quite a few. I am sure you will have all the answers in due course. Thanks very much.

**(The witnesses withdrew.)**

**The Committee proceeded to deliberate.**