

Budget Estimates

Portfolio Committee No 1 – Premier and Finance

TREASURY

Monday, 8 March 2021

PRESENT

The Hon. Dominic Perrottet, Treasurer

QUESTIONS ON NOTICE

Questions on Notice – Answered by the Treasurer

TRANSCRIPT PAGE	QUESTION
p. 2	<p>The Hon. WALT SECORD: It seems to me that you seem to know a bit more about the project than a passing Minister would. You know about the space problems—the spatial constraints at the conservatorium of music. Did you have any meetings with Daryl Maguire or the conservatorium of music about the project?</p> <p>Mr DOMINIC PERROTTET: Certainly I am a big supporter of going on key seat visits—they are one of my favourite activities—and seeing the great parts of New South Wales. I went on a visit once with my staffer to Wagga Wagga.</p> <p>The Hon. WALT SECORD: When was that?</p> <p>Mr DOMINIC PERROTTET: I will take that on notice, but it would have been—well, I will take that on notice.</p>
	<p>RESPONSE 6 June 2016.</p>
p. 5	<p>The Hon. WALT SECORD: But my understanding also, if you say the same processes and structure are in place with ERC, that the Premier also sits on the ERC—</p> <p>Mr DOMINIC PERROTTET: Yes.</p> <p>The Hon. WALT SECORD: —and at the very beginning of the session the Chair declares, "Does anyone here have any declarations that they would like to make in relation to any of the items today before us?" Do you recall that? Because the Premier said on four occasions that she cannot recall anything involving this.</p> <p>Mr DOMINIC PERROTTET: Given this has only come to my attention on Thursday, I can take certain questions on notice.</p>
	<p>RESPONSE ERC meetings are conducted in accordance with the terms of reference.</p>
p. 7	<p>The Hon. WALT SECORD: Oh, that is right, it goes back to your kidnapping and the ransom. So, did you and the Premier at any point—or did the Premier just say "Dom, just wave this through."</p> <p>Mr DOMINIC PERROTTET: I do not recollect any discussion with the Premier in relation to the conservatorium of music.</p> <p>The Hon. WALT SECORD: In relation to your office, does your office meet with the Premier's office before ERC to have an officer level discussion on ERC matters?</p> <p>Mr DOMINIC PERROTTET: Sometimes.</p> <p>The Hon. WALT SECORD: As part of that, did your office have discussions with the Premier's office—</p> <p>Mr DOMINIC PERROTTET: I will take that on notice. We are not here to quiz—I know you like quizzing—my staff.</p>
	<p>RESPONSE My staff have regular discussions with the Premier's staff on a range of matters.</p>
pp. 12-13	<p>The Hon. ROBERT BORSAK: Treasurer, one of the headline issues, of course—or one of the headline benefits, I suppose, not an issue—is that this new property tax, and any tax, if you are a good Treasury secretary or a good Treasurer, is always designed to increase the revenue, not decrease the revenue, isn't it?</p>

Mr DOMINIC PERROTTET: No.

The Hon. ROBERT BORSAK: No. So the Government is going to put a tax in place that is going to decrease the revenue in the long run, not increase it—is that what you are saying?

Mr DOMINIC PERROTTET: Well, the model that we are looking at is being revenue neutral over a period of 50 years.

The Hon. ROBERT BORSAK: Revenue neutral over a period of 50 years. Okay, so can you explain to me how that neutrality feeds back into lower property and home owner prices over that period of time, especially when we are seeing them skyrocketing because of the loose fiscal and monetary situation at the moment because of COVID?

Mr DOMINIC PERROTTET: That is a very good question. If you look at the property market at the moment, I think our auction clearance rates on the weekend were at 100 per cent.

The Hon. ROBERT BORSAK: Don't you wish you had that tax in place already?

Mr DOMINIC PERROTTET: Well, this is the problem, Mr Borsak, because it is not about having rivers of gold coming through to the New South Wales Government coffers. What is most important is that we have a tax system that actually provides benefit for our people and I do not measure—

The Hon. ROBERT BORSAK: Treasurer, you are not answering the question.

Mr DOMINIC PERROTTET: No, I am.

The Hon. NATALIE WARD: Let him answer.

Mr DOMINIC PERROTTET: I do not measure success in the size of the State Government's surplus, as in somehow we have had a great year in the property market, somehow we are handing down a \$5 billion surplus and that is somehow success. That could end up being failure if that money is somehow squandered. The more money you give government, I have found, the more money, Mr Borsak, they will spend. In fact, it was Ronald Reagan who said that we should starve the beast because the less we give it the less they will waste.

The Hon. ROBERT BORSAK: I will get back to my original question, Mr Treasurer. How does this feed back into lower property prices and housing prices for Australians in New South Wales?

Mr DOMINIC PERROTTET: Because, Mr Borsak, the average time that it has taken particularly younger people to get into the housing market—we have seen that decline. We made some changes to stamp duty when the Premier was first appointed in that role to remove stamp duty for first homebuyers. I have not got the numbers in front of me, but I will get them and provide them to you on notice. They demonstrated that that reduction in stamp duty over the three years increased the percentage of first homebuyers getting into the market. Now, if you go back to the 1990s and look at the time it took particularly young people to save for their first deposit and off the back of that particularly their—just the stamp duty, it is now taking them two and a half years to save for that.

RESPONSE

Box 3.4 on page 33 of the 2019-20 Half-Yearly Review illustrates the impact of stamp duty reductions on first home buyers.

The NSW Government introduced the First Home Buyers Assistance Scheme from 1 July 2017. This removed stamp duty for first home buyer homes valued below \$650,000, and provided concessional duty for purchases valued between \$650,000 and \$800,000.

First home buyer purchases accounted for 21.5 per cent of all residential transactions in the September quarter of 2019. Two years earlier, just after the introduction of this assistance scheme, this figure was 14.3 per cent.

	<p>Box 3.3 on page 24 of the 2017-18 Half-Yearly Review illustrates that shortly after the introduction of the assistance scheme, first home buyers rapidly displaced other buyers. The number of people receiving first home buyer duty concessions rose by over 2,000 per month, and the number of buyers that did not receive these concessions fell by a similar amount.</p>
pp. 15-16	<p>The Hon. DANIEL MOOKHEY: I am happy to work with you on making sure that we get the injured workers repaid, 12 months after we first raised it. Can I move to another matter? Can I just table this? In the report that the Auditor-General released at the end of last year, her audit of centralised agencies, she points out that your agency has been spending at least in one contract—</p> <p>Mr DOMINIC PERROTTET: Sorry, what are we talking about? Are we talking about icare or about Treasury?</p> <p>The Hon. DANIEL MOOKHEY: Yes, icare. The Auditor-General points out that icare has been spending \$134 million over four years with a firm called Comensura, a labour hire firm. We found the contract database, which is about to be presented to you so you can see what it is.</p> <p>Mr DOMINIC PERROTTET: Was this in the Auditor-General's report?</p> <p>The Hon. DANIEL MOOKHEY: Yes, she made mention of it. This contract award notice, which is on the tender database, points out that for some reason icare has been paying the office leasing costs for this labour hire company—\$134 million over five years. In addition, icare has created a separate \$101 million contract with the same labour hire firm, Comensura, none of which were put to tender. That means we have been spending \$235 million with a labour hire company, including paying for their fit-out and their leasing costs at 321 Kent Street—icare's business. Why are we using employer premiums to lease an office with waterside views for a labour hire company?</p> <p>Mr DOMINIC PERROTTET: Mr Mookhey, I will take that question on notice. I have just seen this document. You have presented it to me. This is obviously a matter that I will take up with the CEO and the chair. I cannot give you an answer to this at the moment because I would not know what the relevance of that would be. But like you, not having any more depth of understanding of that arrangement or why it is in place makes it difficult.</p> <p>The Hon. DANIEL MOOKHEY: That is the second one that shows an additional \$101 million.</p> <p>Mr DOMINIC PERROTTET: I will take it on notice and come back to you.</p>
	<p>RESPONSE</p> <p>The new icare CEO, Richard Harding, committed at the 8 March Budget Estimates hearing to undertake a full review of icare's contractual arrangements with Comensura for the provision of contingent workers and the leasing of certain premises.</p> <p>icare has advised that it has since engaged an external law firm under the NSW Government Legal Services Panel to review these matters.</p> <p>icare has advised it will report on the outcome of the review once complete. A copy will be provided to the Hon Robert McDougall QC to assist with his review into icare, the workers compensation scheme and the five-year statutory review of the <i>State Insurance and Care Governance Act 2015</i>.</p>
pp. 16-17	<p>The Hon. DANIEL MOOKHEY: Thank you, Treasurer. That was totally worth it. I am glad that worked out for you. So neither you nor the CEO of icare can explain why we are spending \$235 million with a labour hire company.</p>

	<p>Mr DOMINIC PERROTTET: We will take that on notice and let us move on, Mr Mookhey. I am sure you have a whole host of questions.</p> <p>The Hon. DANIEL MOOKHEY: Treasurer, the reason I ask you this is because it is serious. At \$235 million with a labour hire company, it would make icare the fifth biggest user of labour hire in the New South Wales Government, which is ironic given that your Treasury officials are saying they are cracking down on labour hire firms. Do you have any idea what exactly all those workers we have hired through Comensura are actually doing? This was mentioned by the Auditor-General. Did it not occur to you after reading her report that maybe you should check?</p> <p>Mr DOMINIC PERROTTET: Mr Mookhey, I take your concern and I take the question. Clearly this is also news to the CEO. We will look at this and report back. Intuitively, does the information raise concerns? Yes, it does. There may be a plausible explanation as to why, but let us get the facts. I will respond with facts based on information and I am happy to take it on notice.</p>
	<p>RESPONSE</p> <p>The new icare CEO, Richard Harding, committed at the 8 March Budget Estimates hearing to undertake a full review of icare’s contractual arrangements with Comensura for the provision of contingent workers and the leasing of certain premises.</p> <p>icare has advised that it has since engaged an external law firm under the NSW Government Legal Services Panel to review these matters.</p> <p>icare has advised it will report back to me with the outcome of the review once complete. A copy will be provided to the Hon Robert McDougall QC to assist with his review into icare, the workers compensation scheme and the five-year statutory review of the <i>State Insurance and Care Governance Act 2015</i>.</p>
p. 27	<p>The Hon. WALT SECORD: Do you stand by your support to, I guess, unemployed women in New South Wales? Today is International Women's Day.</p> <p>Mr DOMINIC PERROTTET: Yes, absolutely, and we have made sure that all our packages that we have had—close to \$30 billion in stimulus, Mr Secord—are complementary to the Federal Government's. We have always made that point in relation to the packages that we have provided, and early on—</p> <p>The Hon. WALT SECORD: Okay, but I am asking you specifically about programs targeting unemployed women.</p> <p>Mr DOMINIC PERROTTET: Yes. Well, there is a range of programs and, particularly, even in last year's budget where there was a significant focus on women, we brought in paid parental leave, for example, which also supports women in the public service—in last year's budget—and we have a return to work grants program to assist—</p> <p>The Hon. WALT SECORD: Ah, return to work. Yes, my colleague Courtney Houssos has a bit of an interest in this program.</p> <p>Mr DOMINIC PERROTTET: Okay, well, I am happy to hear from Ms Houssos.</p> <p>The Hon. COURTNEY HOUSSOS: Are you currently considering reopening the program?</p> <p>Mr DOMINIC PERROTTET: I will take that on notice.</p>
	<p>RESPONSE</p> <p>I am advised the Return to Work Program is currently underway. If the funding is not exhausted, the program will be reopened.</p> <p>For further information please refer to the Minister for Mental Health, Regional Youth and Women.</p>

<p>p. 32</p>	<p>Mr DAVID SHOEBRIDGE: Is it true that you are seriously considering having the Office of State Revenue ask those outlaw motorcycle gangs for the money back? Is that your current policy point, that you are going to send some letters and some recovery notices to the outlaw motorcycle gangs? Are you sending letters now saying, "Can we please have the money back?" Is that the current strategy?</p> <p>The Hon. ROBERT BORSAK: You are going to send some strong emails.</p> <p>The Hon. COURTNEY HOUSSOS: They are not going to say please.</p> <p>Mr DAVID SHOEBRIDGE: A harsh letter to them?</p> <p>Mr DOMINIC PERROTTET: Look, I am not aware that—</p> <p>Mr DAVID SHOEBRIDGE: Well, the State Debt Recovery Office has plans to send some harsh letters.</p> <p>The Hon. WALT SECORD: Strong emails.</p> <p>The Hon. ROBERT BORSAK: Treasurer—</p> <p>The CHAIR: Let's let him answer.</p> <p>Mr DOMINIC PERROTTET: The State Debt Recovery Office does a great job for the people of New South Wales and we do not promote them enough. I want to give a big shout-out to them today. If these are matters of a criminal nature, Mr Shoebridge—</p> <p>Mr DAVID SHOEBRIDGE: Yes, and the State Debt Recovery Office is your answer.</p> <p>Mr DOMINIC PERROTTET: —I think there are more important authorities in the State that will deal with it.</p> <p>Mr DAVID SHOEBRIDGE: Well, is it true that the State Debt Recovery Office has been brought in to politely ask for the money back from outlaw motorcycle gangs? Yes or no?</p> <p>Mr DOMINIC PERROTTET: I will take that on notice.</p>
	<p>RESPONSE</p> <p>Where there is suspected fraud on Service NSW (SNSW) grant programs, the NSW police are engaged. SNSW and the Department of Customer Service (DCS) are working collaboratively with NSW Police to identify and investigate suspected cases of fraud. As at 25 February 2021, the NSW Police have arrested 34 individuals. These arrests are associated with NSW Police Strike forces (Roche and Fireant) and have resulted in 201 charges being laid. Eight offenders have been convicted of fraud, amounting to a total value of \$193,000 of associated fraud. A debt recovery process is being established with Revenue NSW to initiate recovery of funds. \$70,000 worth of compensation orders have been handed down by the Court in the conviction of the eight individuals.</p> <p>For further information please refer to Revenue NSW.</p>
<p>p. 41</p>	<p>Mr MIDHA: In April 2020 the New South Wales Government publicly committed \$245 million for the investigation into the dam projects, so to build the business cases. That was announced.</p> <p>Ms CATE FAEHRMANN: Yes. I understand that \$245 million—combined with what the Federal Government is offering, which is fifty-fifty—is potentially for construction as well and not just for business cases.</p> <p>Mr MIDHA: Part of it is for business cases. The total package that the Commonwealth have also contributed to is about \$1.2 billion. Half is from the Commonwealth, which is about \$567 million.</p> <p>Ms CATE FAEHRMANN: Okay, so did that \$200 million go through the Expenditure Review Committee?</p> <p>Mr MIDHA: I do not have the exact process for that in front of me.</p> <p>Mr DOMINIC PERROTTET: In terms of the business case?</p> <p>Ms CATE FAEHRMANN: Yes.</p>

	<p>Mr DOMINIC PERROTTET: I will take that on notice, but I just want to confirm something that you raised. The fifty-fifty arrangement with the Commonwealth was at the outset. We will work through the process but then, based on where those projects land, we will obviously have a discussion in relation to the final funding arrangements.</p>
	<p>RESPONSE</p> <p>The expenditure of \$245 million was approved by the Government through the Expenditure Review Committee and was for both undertaking the business cases and early capital works projects. The Commonwealth funding includes a contribution toward these costs.</p>

Questions on Notice – Answered by Treasury and icare

p. 17	<p>Mr DAVID SHOEBRIDGE: Good morning, Treasurer. Good morning all. Treasurer, is it true that icare has spent \$3.5 million so far in assessing those underpayment claims?</p> <p>Mr DOMINIC PERROTTET: That is the advice that I received.</p> <p>Mr DAVID SHOEBRIDGE: How much of that was contracted out?</p> <p>Mr HARDING: The majority of it is in house. But we also use scheme agents to assist with the determination.</p> <p>Mr DAVID SHOEBRIDGE: How much was paid to scheme agents?</p> <p>Mr HARDING: I have to come back to you. I will take it on notice.</p>
	<p>RESPONSE</p> <p>The scheme agent component of the program costs to this point are \$1.8m. The remainder of the cost was in internal quality assurance, program establishment and program advice and external review.</p>
p. 20	<p>Mr DAVID SHOEBRIDGE: Treasurer, are you aware of any arrangements under which icare's executive team contracted with Comensura to pay for Comensura's office space and then for icare to occupy that office space to disguise the transaction from Treasury New South Wales? Are you aware of those arrangements in place?</p> <p>Mr DOMINIC PERROTTET: No, I am not.</p> <p>Mr DAVID SHOEBRIDGE: Are you aware that icare approached NSW Treasury and asked for more office space and was rebuffed by NSW Treasury?</p> <p>Mr DOMINIC PERROTTET: No, I am not.</p> <p>Mr DAVID SHOEBRIDGE: Mr Pratt?</p> <p>Mr PRATT: I am not aware, no.</p> <p>Mr DAVID SHOEBRIDGE: Mr Harding, are you aware of whether or not icare occupied any of the space in the Kent Street building that was leased nominally by Comensura and paid for by icare?</p> <p>Mr HARDING: No, I am not. In the last six weeks of being here, no.</p> <p>Mr DAVID SHOEBRIDGE: Is icare currently occupying any space that is nominally leased by Comensura?</p> <p>Mr HARDING: Not that I am aware of.</p> <p>Mr DAVID SHOEBRIDGE: Has it done it in the past?</p> <p>Mr HARDING: I do not know.</p> <p>Mr DAVID SHOEBRIDGE: Will you take it on notice, Mr Harding?</p> <p>Mr HARDING: I can take it on notice, absolutely.</p> <p>Mr DAVID SHOEBRIDGE: Mr Pratt, will you take on notice whether or not icare sought from Treasury increased office space at any point and what if any response NSW Treasury gave them?</p> <p>Mr PRATT: Yes.</p>
	<p>RESPONSE</p> <p>The new icare CEO, Richard Harding, committed at the 8 March Budget Estimates hearing to undertake a full review of icare's contractual arrangements with Comensura for the provision of contingent workers and the leasing of certain premises.</p> <p>icare has since engaged an external law firm under the NSW Government Legal Services Panel to review these matters.</p> <p>icare will report on the outcome of the review once complete. A copy will be provided to the Hon Robert McDougall QC to assist with his review into icare, the workers compensation scheme and the five-year statutory review of the State Insurance and Care Governance Act 2015.</p>

	<p>Treasury has searched its records and has only been able to find one document referring to this matter. The document dates from 2018 and refers to discussions in 2016. This document was discussed in the Estimates hearing. It states:</p> <p>'In 2016, PNSW informed Treasury that icare had requested extra floor space to accommodate 187 additional staff. PNSW also advised Treasury that icare were of the view their budget and staff numbers only required the approval of their Board and not Treasury, despite Treasury advising icare of their reporting and information obligations under various Government policies. icare initially decided to enter a lease with PNSW via the Nominal Insurer (to avoid the need for Treasury's endorsement). However, icare subsequently decided against taking this approach and sought Treasury approval.'</p> <p>Treasury has no other information about this issue and understands that icare intends to carry out an external review of the Comensura contracts and the circumstances that led to them being entered into.</p>
pp. 29-30	<p>Mr DAVID SHOEBRIDGE: Thanks, Chair. Mr Harding, what levels at 321 Kent Street does icare currently occupy?</p> <p>Mr HARDING: Levels 8, 10, 13 through 16, I believe.</p> <p>Mr DAVID SHOEBRIDGE: Okay. Does it occupy any floors at 309?</p> <p>Mr HARDING: I am not certain. I will have to take that on notice.</p> <p>Mr DAVID SHOEBRIDGE: Alright. Treasurer, you asked for some documentation and details about Comensura. I will give you two copies of this.</p> <p>Mr DOMINIC PERROTTET: This is not what I have received from Mr Mookhey?</p> <p>Mr DAVID SHOEBRIDGE: No, this is different. This is the title search for 309 and 321 Kent Street. I would just ask you to go to the last page, page 5.</p> <p>Mr DOMINIC PERROTTET: Same document?</p> <p>Mr DAVID SHOEBRIDGE: It is all the same document, yes. Page 5, do you see that, and the last three lines?</p> <p>Mr DOMINIC PERROTTET: Yes.</p> <p>Mr DAVID SHOEBRIDGE: Do you see 47, leased to Comensura, Level 8, 321 Kent Street, Sydney? That expires in 2½ years. Number 48 is the lease on Level 9, and number 49 is the lease on Level 10 at 321 Kent Street, Sydney. Two questions from this, Treasurer: How is it that icare is occupying two levels of 321 Kent Street that have been leased to Comensura?</p> <p>Mr DOMINIC PERROTTET: I will have to take that on notice.</p> <p>Mr DAVID SHOEBRIDGE: Mr Harding?</p> <p>Mr HARDING: I do not have any information, I am sorry.</p> <p>Mr DAVID SHOEBRIDGE: What on earth is a labour-hire company doing occupying three levels of icare's building effectively? Do you know why? Is it because it is part of the hundreds of millions of dollars that icare pays them?</p> <p>Mr DOMINIC PERROTTET: Well obviously this, on face value, would be concerning.</p> <p>Mr DAVID SHOEBRIDGE: Yes.</p> <p>Mr DOMINIC PERROTTET: But until such time—I mean, you have just provided this information to us. Let us take it away on notice and provide you with a fulsome answer. If there is an issue that needs to be resolved, it will be in the appropriate way.</p> <p>Mr DAVID SHOEBRIDGE: Mr Harding, are you aware of the fact that the person who had contractual responsibility for the arrangements with Comensura has been referred to ICAC for having received kickbacks from contractors during her work with icare?</p>

	<p>Mr HARDING: No, I have no information about these contracts.</p> <p>Mr DOMINIC PERROTTET: What was that?</p> <p>Mr DAVID SHOEBRIDGE: That the person who was responsible for these contracts with Comensura has had a series of quite detailed concerns raised—I think even accepted and taken on board by icare—about having received kickbacks from contractors. In fact, icare has referred this issue to ICAC.</p> <p>Mr HARDING: I am sorry, after six weeks in the role I do not have that information.</p> <p>Mr DAVID SHOEBRIDGE: There is a lot there, is there not, Mr Harding?</p> <p>Mr HARDING: I can bring it back to you. If what you are saying is correct then we need to do a review and actually understand why it is the way it is.</p> <p>Mr DAVID SHOEBRIDGE: Can I suggest it would be easy for you, Mr Harding, at some point throughout the course of today to find out whether or not icare is making payments to Comensura for the occupation of levels 8 and 10, at least?</p> <p>Mr HARDING: I can find out. I think the better answer is to actually do a thorough review and understand the whole history to know exactly what it is and why it is.</p> <p>Mr DAVID SHOEBRIDGE: Just for the record, I will tender those documents.</p> <p>Mr DOMINIC PERROTTET: So we will both take that on notice then</p> <p>Mr DAVID SHOEBRIDGE: I understood that is what has happened.</p>
	<p>RESPONSE</p> <p>The new icare CEO Richard Harding committed at the 8 March Budget Estimates hearing to undertake a full review of icare’s contractual arrangements with Comensura for the provision of contingent workers and the leasing of certain premises.</p> <p>icare has since engaged an external law firm under the NSW Government Legal Services Panel to review these matters.</p> <p>icare will report on the outcome of the review once complete. A copy will be provided to the Hon Robert McDougall QC to assist with his review into icare, the workers compensation scheme and the five-year statutory review of the State Insurance and Care Governance Act 2015.</p>
p. 38	<p>The Hon. COURTNEY HOUSSOS: Treasurer, have any of the university loan guarantees been granted?</p> <p>Mr DOMINIC PERROTTET: Yes, I am pretty sure there was—</p> <p>The Hon. COURTNEY HOUSSOS: There were five being assessed?</p> <p>Mr DOMINIC PERROTTET: I will pass over to Mr Pratt.</p> <p>Mr PRATT: Yes, there is one being finalised at the moment.</p> <p>The Hon. COURTNEY HOUSSOS: One being finalised. And who is that for?</p> <p>Mr PRATT: I would have to take that on notice.</p>
	<p>RESPONSE</p> <p>Please see the answer to this question provided by Mr Pratt on p. 48 of the transcript.</p>
p. 48	<p>The Hon. WALT SECORD: Mr Pratt, there has been a lot of coverage about the Dine & Discover program. There was also some discussion and some community concerns about McDonald's and Subway coming forward to partake in the scheme. Just for clarity, I expressed my view that I did not have an objection to McDonald's or Subway, particularly in western Sydney where in fact it is an opportunity for many young families—the only viable economic option that they can have. Have other fast food chains come forward for the Dine & Discover program?</p> <p>Mr PRATT: I will need to check that, Mr Secord.</p>

	<p>Ms WILKIE: Service NSW administers the program, so we would need to check with them. The businesses need to register with Service to be part of the program. We would need to check with Service NSW.</p>
	<p>RESPONSE</p> <p>In this connection the following companies have registered for the Dine & Discover program:</p> <ul style="list-style-type: none"> • Hungry Jacks • Oporto • Rashays • Guzman y Gomez • KFC • Some Subway franchises
p. 49	<p>The Hon. WALT SECORD: One last question, and maybe you can take it on notice if you are unable to answer. What is the budget allocation to international attraction?</p> <p>Ms CURTAIN: The Jobs Plus Program has a \$250 million allocation against it but it is not specifically for international companies. It could be a domestic company, say, from Queensland or Victoria or another State looking to move to New South Wales. It could be equally a company that is already here looking to do a new project that brings in new jobs on top of what is already here.</p> <p>The Hon. WALT SECORD: Can I get a breakdown, then, on Australian national and the international component?</p> <p>Ms CURTAIN: It is not actually split yet. Each of the proposals will go to Cabinet to approve which projects will receive the funding, so it will be determined as the projects are approved to come through.</p>
	<p>RESPONSE</p> <p>There is a \$250 million allocation to the Jobs Plus program. The program is not divided between national and international companies. Any company which meets the eligibility criteria published in the guidelines is eligible to apply.</p>
p. 49	<p>Mr GARDNER: Yes, that is correct. But we will be having members of Treasury's team and other independent advisers work with them to ensure that process—so, what we have taken back into the State's control is the remediation of the ash dam. We have an entity called GPM, which will be providing consulting and contracting services to complete that project.</p> <p>Ms ABIGAIL BOYD: Right, okay. Has that already been accounted for in the budget?</p> <p>Mr GARDNER: Yes, absolutely.</p> <p>Ms ABIGAIL BOYD: Has there already been a line item?</p> <p>Mr GARDNER: Yes.</p> <p>Ms ABIGAIL BOYD: What is the amount? Can you remind me?</p> <p>Mr GARDNER: I will have to take that on notice, I am sorry.</p>
	<p>RESPONSE</p> <p>The provision for the Wallerawang ash dam remediation works in the Budget is \$83 million.</p>
p. 50	<p>Ms ABIGAIL BOYD: Are you aware of contamination draining from the Kerosene Vale site into Sawyers Swamp Creek and the Upper Cocks River?</p> <p>Mr GARDNER: I am not aware of that, no.</p> <p>Ms ABIGAIL BOYD: Could you perhaps take on notice whether that was part of the remediation, or whatever you want to call it, that GPM is undertaking?</p> <p>Mr GARDNER: I will take that on notice, yes.</p>

	<p>RESPONSE Generator Property Management (GPM) is the current owner of Kerosene Vale Ash Repository and the Sawyers Swamp Creek Ash Dam. Since taking ownership in September 2020, GPM has invested in a caustic injection plant for water treatment. The scope of the ash dam remediation should be referred to GPM.</p>
p. 50	<p>Ms ABIGAIL BOYD: Is Treasury aware of the extensive contamination in Lake Liddell in the Hunter? Mr GARDNER: I would have to take that on notice.</p>
	<p>RESPONSE Lake Liddell was constructed as a water storage reservoir for the Bayswater and Liddell Power Stations and receives a number of treated discharges connected with this use. Water discharges are regulated by the EPA through an Environmental Protection Licence.</p>
p. 54	<p>The Hon. MARK LATHAM: So your 10 workers in Indigenous areas, what are they doing about the problems in Walgett, where they have 27 per cent unemployment rate, a year 12 attainment rate of 17 per cent and the local high school is a basket case? Mr PRATT: I cannot speak specifically about Walgett, but what I would say— The Hon. MARK LATHAM: Walgett. Mr PRATT: Walgett. What I would say is that in the budget recently we announced a program for after-school work for year 12, year 11, for trainees to come in and pick up construction jobs. As I understand it—I would have to check this number—I believe the take-up has been quite significant. I am talking about 200 or 300.</p>
	<p>RESPONSE The NSW Infrastructure Traineeship Program for School Leavers provides 300 traineeships (across 2 years) in the NSW Public Sector infrastructure agencies for schools-leavers that have been disadvantaged economically and socially by the COVID-19 pandemic. 137 trainees were recruited for the 2021 cohort and have begun their traineeships. 10% of trainees are Aboriginal and Torres Strait Islander.</p>
p. 56	<p>The Hon. WALT SECORD: Transport just happened to be, by coincidence, the example that I provided. So Transport disposes of land but then they compulsorily acquire homes in Jannali? Mr MIDHA: Yes, it makes absolute sense because you may have surplus land in an area that you are not building infrastructure and you need land where you are building infrastructure, so it is just a way of transferring assets into liquid assets and using that money to buy land that you need for the infrastructure. The Hon. WALT SECORD: You were reading from a document there. Can you possibly get me, on notice, the agencies and the targets? Mr MIDHA: Yes, sure. The Hon. COURTNEY HOUSSOS: Perhaps you can come back to us today with that, Mr Midha? Mr MIDHA: Yes, I will try to.</p>
	<p>RESPONSE Land and property sales figures, including for individual agencies, are published in the budget papers and Report of State Finances each year. Specific agency-level land and property sales targets, and other matters that inform Government decision-making around the published NSW Budget for the sale of non-financial assets, are Cabinet in Confidence.</p>

p. 56	<p>The Hon. COURTNEY HOUSSOS: I will put on record—and I know I have asked a lot of questions about the way all roles flex has worked in the past—that I too support the need for some face-to-face time but I think we have to be very cautious in mandating people coming back to the office full-time. I do not think that is a step forward and I think that is probably in accordance with the Government's policy. Can I come to the question of paid parental leave that the Treasurer talked about earlier and that was in his Budget Speech. That was 14 weeks paid leave for New South Wales public servants if they are the primary carer. Is that correct?</p> <p>Mr PRATT: I think that is correct.</p> <p>Mr MIDHA: Yes, it is. I thought it was 12 weeks?</p> <p>Mr PRATT: Could we recheck that?</p> <p>The Hon. COURTNEY HOUSSOS: Yes, of course. I am happy if you want to take this on notice but I could not see any reference whether there was any provision for other parent leave or for what we have traditionally called paid paternity leave, so that is person who is not necessarily the primary carer but giving them some paid time off as well. My understanding is that across the public service it is only one week. Is that still the situation?</p> <p>Mr PRATT: We will check that with an answer to your first question, if that is all right.</p>
	<p>RESPONSE</p> <p>This question was answered during the hearing. Please see Mr Pratt's answer on page 70 paragraph 12 of the transcript.</p>
p. 57	<p>The Hon. COURTNEY HOUSSOS: They go through the process. There was a series of applications that were rejected. On what grounds were they rejected? There was one in 2013-14, one in 2015-16, one in 2016-17 and one in 2019-20. Do you give a grounds for them being rejected?</p> <p>Mr PRATT: Yes, we do. We would have to get specific examples off you to follow up on that question. There are many, many bids, as you would appreciate. Not all of them get up.</p> <p>The Hon. COURTNEY HOUSSOS: I appreciate that bids coming from different agencies are different. But an independent integrity agency applying for more funding and then being refused is particularly interesting. So perhaps you could provide on notice any applications and why they were rejected. I</p>
	<p>RESPONSE</p> <p>Budget submissions are considered by the Expenditure Review Committee of Cabinet as part of the Budget process. The deliberations of the Committee are kept confidential in accordance with Cabinet conventions and consistent with the principle of collective Ministerial responsibility. The outcome of these deliberations is reflected in the annual Appropriation Bill which is presented to the Parliament for scrutiny, debate and approval.</p>
p. 58	<p>Mr PRATT: It does but as I understand it—and I am happy to take this on notice, Mr Secord, if you wish—the bulk of redundancies in government are voluntary and there are in the mid-90 per cents, the last time I looked, of total redundancies. So yes, the Government does do forced redundancies, but as I understand the numbers the voluntary redundancy is more attractive.</p> <p>The Hon. WALT SECORD: What is the current state of play for voluntary redundancies?</p> <p>Mr PRATT: In what way?</p> <p>The Hon. WALT SECORD: Is it X weeks' salary times the number of years worked? How does it work?</p> <p>Mr PRATT: I would have to take that on notice. I do not have those numbers with me.</p>

	<p>RESPONSE This is a matter for the Minister for Public Service.</p>
pp. 59-61	<p>Mr HARDING: Pre- and post-government taking it over and icare taking it over. It might be better to take this on notice, Mr Shoebridge, given it is not an area that I have deeply looked at since arriving. The post element is at a greater level of funding—I think roughly around 70 per cent—whereas the pre elements are still less funded or have a lower rating funding. Why don't I come back to you if you want the actual numbers?</p> <p>Mr DAVID SHOEBRIDGE: I know that there is a distinction between before and after 1 July to the extent to which Treasury has given a commitment for before 1 July 2018, but that does not distinguish between public and private that I am aware, Mr Harding—</p> <p>Mr HARDING: No.</p> <p>Mr DAVID SHOEBRIDGE: —or non-government and government.</p> <p>Mr HARDING: It is about the degree to which Treasury is committed to complete it. Let me come back to you and take the question on notice, Mr Shoebridge, rather than trying to answer off the top of my head.</p> <p>Mr DAVID SHOEBRIDGE: This is a budget estimates hearing and so I would have expected there to have been a briefing that would have given us some details about the size of the deficit in the Home Building Compensation Fund. I would have expected to have some actual numbers. You cannot tell us—</p> <p>Mr HARDING: I am happy to take it on notice and come back to you.</p> <p>Mr DAVID SHOEBRIDGE: Well, are you aware that the State Government's liability for the Home Building Compensation Fund grew by \$110 million between June 2019 and June 2020? Are you aware of the scale of the problem?</p> <p>Mr HARDING: As I said, Mr Shoebridge, I am happy to take the question on notice—</p> <p>Mr DAVID SHOEBRIDGE: This is a different question, Mr Harding.</p> <p>Mr HARDING: —and come back to you.</p> <p>The Hon. TAYLOR MARTIN: He is entitled to take it on notice.</p> <p>Mr DAVID SHOEBRIDGE: No, but you cannot say, "As I said, I will take the question on notice." I am putting a different question to you, Mr Harding. They are different questions and you cannot refer to taking an earlier question on notice.</p> <p>Mr HARDING: The questions are of the same content, Mr Shoebridge. But at the moment I do not have that information, so I will have to take it on notice.</p> <p>Mr DAVID SHOEBRIDGE: How many three-quarter of a billion dollar deficits have you got to get your head around in icare?</p> <p>Mr HARDING: Mr Shoebridge, I have said to you that I do not have information. There is no point in me trying to make it up for you. I will bring it back on notice.</p> <p>Mr DAVID SHOEBRIDGE: You say pre-2018, but it went back by \$110 million between June 2019 and June 2020. It went back by about \$130 million between June 2018 and June 2019. This is not just a pre-2018 problem, Mr Harding, is it?</p> <p>Mr HARDING: Those numbers I will have to look at, Mr Shoebridge, because, again</p> <p>Mr DAVID SHOEBRIDGE: If you let me finish my question, Mr Harding, I will let you finish your answer. Are you saying the premiums going forward are going to be set at a level to provide a sufficient additional income to pay off the accumulated three-quarters of billion-dollar deficit? Is that your position?</p> <p>Mr HARDING: What I need to check to be able to answer your question is whether it is relative to the pre- or post-July amounts. Obviously, the break-even</p>

	<p>premium is set to accumulate to remove the deficit. That is what a break-even premium is.</p> <p>Mr DAVID SHOEBRIDGE: If you let me finish my question, Mr Harding, I will let you finish your answer. Are you saying the premiums going forward are going to be set at a level to provide a sufficient additional income to pay off the accumulated three-quarters of billion-dollar deficit? Is that your position?</p> <p>Mr HARDING: What I need to check to be able to answer your question is whether it is relative to the pre- or post-July amounts. Obviously, the break-even premium is set to accumulate to remove the deficit. That is what a break-even premium is.</p>
	<p>RESPONSE</p> <p>The Home Building Compensation Fund (HBCF) has a contingent liability of \$714 million as at 31 December 2020. HBCF has been able to and continues to be able to fund all claims through premiums. The \$714m represents the long-term difference in future or anticipated liabilities and assets on hand, based on the most recent valuation outcome. Because builder's warranty is a very longtail insurance exposure period, the liability is the anticipated claims outcome above premiums collected since 2010 to possibly be incurred over the next 12 years.</p>
p. 62	<p>The Hon. ROBERT BORSAK: Mr Pratt, I did not get enough time to question the Treasurer on this earlier, so maybe you can shed some light on some of this for me. Do you know why the Treasurer announced on 4 July last year that the existing Powerhouse Museum at Ultimo was not going to be demolished? It had the net effect of adding \$195 million to the cost of the project. Did he consult with Treasury first before he did that?</p> <p>Mr PRATT: That is really a question for the Treasurer, Mr Borsak.</p> <p>The Hon. ROBERT BORSAK: So he did not consult with the Treasury, then, in relation to putting an extra \$195 million impost on the project?</p> <p>Mr PRATT: I would have to check if there was any request on that.</p>
	<p>RESPONSE</p> <p>A joint statement from NSW Premier and NSW Treasurer announced the retention of the Powerhouse Museum at Ultimo. The rationale for decision is outlined in the media release (https://www.nsw.gov.au/media-releases/more-powerhouse-for-people---nsw-government-to-retain-ultimo-museum).</p>
p. 64	<p>The Hon. DANIEL MOOKHEY: Will you find out who was the group executive who agreed to those arrangements? Were the arrangements signed off by the icare board at any level? That includes the audit and risk committee and the board itself. Was Ms Gill Williams involved in the execution of those leases?</p> <p>Mr HARDING: I can certainly come back to you.</p> <p>The Hon. DANIEL MOOKHEY: If you do not mind taking those three on notice.</p> <p>Mr HARDING: I am happy to take those on notice.</p>
	<p>RESPONSE</p> <p>The new icare CEO, Richard Harding, committed at the 8 March Budget Estimates hearing to undertake a full review of icare's contractual arrangements with Comensura for the provision of contingent workers and the leasing of certain premises.</p> <p>icare has since engaged an external law firm under the NSW Government Legal Services Panel to review these matters.</p> <p>icare will report on the outcome of the review once complete. A copy will be provided to the Hon Robert McDougall QC to assist with his review into icare,</p>

	<p>the workers compensation scheme and the five-year statutory review of the State Insurance and Care Governance Act 2015.</p>
p. 66	<p>The Hon. DANIEL MOOKHEY: Given that you have 21 days, are you in a position to provide us on notice with the precise list of KPIs that are agreed or at least being considered?</p> <p>Mr HARDING: I do not see why not.</p> <p>The Hon. DANIEL MOOKHEY: Thank you, I do appreciate that.</p>
	<p>RESPONSE</p> <p>The board is currently finalising Mr Harding’s performance agreement in accordance with the TPP17-11 Commercial Policy: CEO Appointment Guidelines for Government Businesses. icare will provide a copy in due course.</p>
p. 68	<p>The Hon. DANIEL MOOKHEY: I have no doubt that if the information was retained it would be on the file. The issue is why the information was not retained. I accept that there is a theory that says it was not provided, but surely icare must have had some information to provide a first calculation. I presume that icare was paying something to these people at first instance. It is not like they just made up the number and then paid people at random.</p> <p>Mr HARDING: I think this is a very good conversation because this is exactly the issue with the legislation and the complexity and the calculation as it stands. It is difficult, at the best of times, for an injured person to provide us with the relevant information. I provided some examples of that this morning about leave without pay, about changes to loadings, different shift allowances, changes to your work status et cetera. The list goes on. Part of the problem is it is quite a detailed and long list. It starts with the 52 weeks' payslips of the prior injury, rather than actually just saying, “What is your actual average wage?” That is the fundamental issue. What you are saying is a hundred per cent right. The issue is that at the time at which these things are calculated we are making a best estimate as an initial determination, seeking more information from employers and from injured workers throughout the process.</p> <p>One of the reasons it takes four to five hours to review a file is because they are not just reviewing that initial determination, they review the file end-to-end to ensure that—the injured worker may well have come and asked for a review. There may have been new information provided at a later date during the process. It is a thorough review we are doing. That is why it takes time. But the issue is the information does not exist. Small employers do not keep that information on their systems. Large employers are a very different issue. We can seek that information from large employers. But in respect to small employers and injured workers, going back and trying to recreate history is not something that is feasible or possible at this point in time, which is why we have talked about developing the plan that the Treasurer spoke to this morning, which is increasing resources to ensure that anybody who brings forward information can get a review done as quickly as we can and increasing advertising to ensure that people who need to have a review done understand it.</p> <p>Then what is common practice in other regulated industries is, when you have situations like this that are highly technical where you cannot actually find a mechanism to remediate individuals and get money back to individuals, you provide a benefit to that community through a fund or a pool of some kind that can deliver benefits to the community at large. We also are working with SIRA to ensure that we look at how we simplify the calculation and how SIRA can then take that forward as a reform process to simplify the future calculation of</p>

	<p>PIAWE. When I talk to the union movement, the delegates I have spoken to, they all agree with me that this is a very challenging and difficult calculation. What they say to me is, actually, injured people who have had this experience in the past do not want to reopen their workers comp claim and have this conversation. That is why we are getting such low response rates from people in respect to the advertising. It is a complex and challenging process. It is not a simple case of refunding someone money with a known amount. It is quite difficult.</p> <p>The Hon. DANIEL MOOKHEY: Mr Harding, on notice any further information you wish to provide would be most welcome.</p>
	<p>RESPONSE</p> <p>The PIAWE issue relates to unintended consequences arising from the 2012 reforms. icare self-reported it and is committed to fixing it.</p> <p>Under the current legislation, it is the obligation of injured workers and their employers' to provide scheme agents with the data they hold in order to facilitate the commencement of weekly compensation entitlements within the legislated timeframe. Any information provided is stored on the injured worker's file and retained in perpetuity.</p> <p>The challenge is that, in many cases, neither injured workers or employers collect or store the information required to complete a Pre-Injury Average Weekly Earnings (PIAWE) determination. The legislation states very clearly that this information is required for remediation to proceed.</p> <p>This means it cannot be passed to the scheme agent and, as such, the initial weekly compensation entitlements will be based on whatever information was able to be provided. This does not necessarily mean that the entitlements paid to the injured worker are incorrect; it means that it is not possible to determine if they are correct or not.</p> <p>Over the course of an injured worker's journey with the scheme, additional earnings information may be provided. Where this occurs, it is added to the worker's file and incorporated into their entitlement determinations. The worker has the right to query or dispute their entitlement determination at any time. The PIAWE review and remediation program considers all of the earnings information on a worker's file, regardless of when in the workers journey it was collected. This provides the best chance of having complete information and producing an accurate PIAWE determination.</p> <p>In cases where the earnings information collected across the worker's file is incomplete, it is not possible to produce a more reliable PIAWE determination than the one that was used to determine the worker's entitlements initially. Any PIAWE determination using incomplete information has the risk of being inaccurate and either too high or too low. For this reason, remediation based on incomplete information is not appropriate.</p> <p>Scheme agents have no authority to compel an employer or injured worker to produce the required information. This power rests with the scheme regulator, SIRA.</p> <p>While employers do not collect or store the information required to complete PIAWE determinations under the current methodology, it will not be possible to accurately determine injured worker entitlements.</p> <p>Until the information collected and retained by employers is improved, or the requirements of the determination as stipulated by SIRA are changed, this will continue to be the case.</p>

p. 71	<p>Mr DAVID SHOEBRIDGE: Mr Harding, can you provide on notice the briefing that was given to the board when the Comensura contracts—did you say "contracts"? When were they briefed to the board in August 2017?</p> <p>Mr HARDING: I can certainly have a look.</p> <p>Mr DAVID SHOEBRIDGE: Did you say both contracts went to the board at the same time?</p> <p>Mr HARDING: I am not sure. Whatever contracts went in August, we can provide it.</p> <p>Mr DAVID SHOEBRIDGE: Could you provide us with whatever briefings there were for the two contracts that have now been disclosed? They are not small contracts. One was for \$134 million and one was for \$101 million. Can you provide the briefing for each of those and when they went to the board, Mr Harding?</p> <p>Mr HARDING: Yes, of course.</p>
	<p>RESPONSE</p> <p>The new icare CEO Richard Harding committed at the 8 March Budget Estimates hearing to undertake a full review of icare’s contractual arrangements with Comensura for the provision of contingent workers and the leasing of certain premises.</p> <p>icare has since engaged an external law firm under the NSW Government Legal Services Panel to review these matters.</p> <p>icare will report on the outcome of the review once complete. A copy will be provided to the Hon Robert McDougall QC to assist with his review into icare, the workers compensation scheme and the five-year statutory review of the State Insurance and Care Governance Act 2015.</p>
p. 73	<p>Mr DAVID SHOEBRIDGE: Mr Pratt, have you had any luck in determining whether or not icare had approached Treasury to seek an increase in its footprint in its office space?</p> <p>Mr PRATT: No, I have not, no. I will follow up though, Mr Shoebridge.</p> <p>Mr DAVID SHOEBRIDGE: And if there are any reports or correspondence that shed light on that, could you provide them to the Committee on notice, Mr Pratt?</p> <p>Mr PRATT: I will, yes.</p>
	<p>RESPONSE</p> <p>See above in response to the question at p. 20 of the transcript.</p>
p. 74	<p>Mr MIDHA: The submission had gone through ERC. Treasury does provide advice on the submission, but that's for ERC and that is with ERC.</p> <p>The Hon. MARK LATHAM: So you did provide advice to ERC about the Cabinet submission on the roadmap?</p> <p>Mr MIDHA: That is right.</p> <p>The Hon. MARK LATHAM: What did that say?</p> <p>Mr MIDHA: That is Cabinet in confidence, so that is for Cabinet.</p> <p>The Hon. MARK LATHAM: As part of that process did you have access to the Aurora modelling?</p> <p>Mr MIDHA: I will have to take that on notice, but I think the detailed financial modelling is being done at the moment with Treasury. I am not sure what input, if any, we would have had or involvement we would have had for the previous sub-modelling.</p> <p>[...]</p> <p>The Hon. MARK LATHAM: And what about the Frontier Economics report that was an audit on the modelling that quite possibly outlined that the road map would bring forward the early closure of the existing coal-fired power generators in New South Wales?</p>

	<p>Mr MIDHA: I would have to take that on notice. I do not have any information at that level of detail.</p>
	<p>RESPONSE Treasury is continuing to engage with the Department of Planning, Industry, and Environment through the implementation of the Roadmap and the Electricity Infrastructure Investment Act 2020.</p>
p. 75	<p>The Hon. MARK LATHAM: You are doing implementation and cost. You are saying you looked at and you wrote some feedback about the submission that went forward. I just want to clarify this: In the Cabinet submission that you looked at, you are saying you did not have any access to the Aurora economic modelling that underpinned the policy?</p> <p>Mr MIDHA: I have just got it confirmed that I think we did. I believe we did.</p> <p>The Hon. MARK LATHAM: You did. So, did you see the assumption of one gigawatt of rooftop solar?</p> <p>Mr MIDHA: Again, I do not have that level of detail.</p> <p>The Hon. MARK LATHAM: Can you take that on notice?</p> <p>Mr MIDHA: We can take that on notice but anything we would have provided—any comments on it would have been provided to Cabinet, and that would be Cabinet in confidence.</p> <p>The Hon. MARK LATHAM: Yes. But can you, for the purpose of this Committee, give an analysis of why, given that we have got 3½ gigawatts of rooftop solar in New South Wales—that is well established. It is in a Government policy document. Mr Shoebridge said it. The parliamentary library gave me three or four sources where that 3.5 figure is accurate. Can you provide some reflection on notice as to how it is only one gigawatt in the modelling?</p> <p>Mr MIDHA: I will take it on notice.</p>
	<p>RESPONSE This question should be referred to the Minister for Energy and Environment.</p>
pp. 75-76	<p>The Hon. MARK LATHAM: And are you doing modelling—that is the work you are doing now?</p> <p>Mr PRATT: Yes.</p> <p>The Hon. MARK LATHAM: Great. In that modelling that you are doing now, are you going to look at the ramifications of that—obviously for energy security—but also take a line through the Hazelwood experience, where the early closure of that station in Victoria sent the wholesale electricity prices through the roof?</p> <p>Mr MIDHA: We will take that on notice.</p>
	<p>RESPONSE Treasury is continuing to engage with the Department of Planning, Industry, and Environment through the implementation of the Roadmap and the Electricity Infrastructure Investment Act 2020.</p>
p. 76	<p>The Hon. MARK LATHAM: Okay. In the work that you are doing to look at that, do you understand and accept that it was off the worst-case scenario that could be mounted to calculate those so-called savings—that it was off a "no policy change" Government? The assumption was that the Government would just do nothing, allow the existing generators to close and then, on top of that, this policy only in that worst-case scenario would produce those savings.</p> <p>Mr MIDHA: So, the legislation is very, very broad. There are lots of different options. What we are working on with DPIE is to understand what is the optimal option to deliver the targets.</p> <p>The Hon. MARK LATHAM: Can I finally ask: Do you know who required this worst-case scenario to be used to generate what really are dodgy savings figures?</p> <p>Mr MIDHA: No, I do not, sorry.</p>

	<p>The Hon. MARK LATHAM: Can you take that on notice? Mr MIDHA: I can take that on notice.</p>
	<p>RESPONSE This question should be referred to the Minister for Energy and Environment.</p>
p. 78	<p>The Hon. DANIEL MOOKHEY: Okay, sure. Mr Harding, can we quickly just turn to icare's financial performance? In December your Chief Financial Officer said that icare is projecting to reach a result for the NI 2021 of positive \$401 million. Were you aware that she said that? Mr HARDING: When did she say it? I do not believe so. The Hon. DANIEL MOOKHEY: Well, our Law and Justice hearing in December. Mr HARDING: Right, well, no, I was not around at that stage. The Hon. DANIEL MOOKHEY: Look, to be fair to you, that is why I am asking if you were aware that the statement was made. What is the current projection for the year to end 2021 for the NI? Not the funding ratio of the— Mr HARDING: I do not have that right at hand, Mr Mookhey. The Hon. DANIEL MOOKHEY: Would you mind taking it on notice. Mr HARDING: I can take it on notice.</p>
	<p>RESPONSE The current projection of the Nominal Insurer's net result is +\$160 million for the year to 30 June 2021. This is based on the Half Year Review. The reforecast for 30 June 2021 is currently being updated as part of the annual budgeting process.</p>
pp. 80-81	<p>The Hon. DANIEL MOOKHEY: Your predecessors have previously made the point that they are not going to be updating the GIPAA disclosure log for pre-2018 contracts. They provided a rationale at the time that simply said it was not worth it. But the Information Commissioner says that that does not give you an excuse. Can you undertake to look into disclosing the pre-2018 contracts on the GIPAA log and therefore becoming compliant with the law? Mr HARDING: We can certainly look into it. The issue is that at the moment we are disclosing all active contracts, regardless of their date. The Hon. DANIEL MOOKHEY: Yes, that is my point—this is inactive contracts from pre-2018. Mr HARDING: I think the question there—and I am happy to take advice and come back to you, which is probably the best answer—is the value of disclosing contracts that are now finalised and finished and have been terminated is— The Hon. DANIEL MOOKHEY: Well, it is the law. Mr HARDING: I understand but it is a bit like PIAWE: There is a cost to going through and remediating back through that. I take your point on and we will come back to you with advice.</p>
	<p>RESPONSE Since 1 April 2020, icare has established ongoing processes to publish all relevant contracts in line with GIPA requirements, with any exceptions reported to the Information & Privacy Commission (IPC) on a monthly basis.</p> <p>icare has chosen to approach the disclosure of historical contracts in a way that is consistent with the objectives of GIPA, while ensuring that icare can appropriately allocate resources to deliver on all of its functions, including the ongoing GIPA contract disclosure and procurement compliance program.</p> <p>Under section 34 (2) of the GIPA Act, contracts are required to be published for the longer of 20 working days or the period until the related project is complete. In circumstances where any of icare's projects are now complete, icare</p>

	<p>considered it most relevant to publish contracts that are ongoing or were entered into since July 2018, and most importantly to prioritise ongoing compliance.</p> <p>If there are any instances of active contracts not captured as part of the remediation program (e.g. a pre-July 2018 contract that had initially thought to be expired but is actually still active), the full contract details from initial contract start date have been disclosed in line with GIPA requirements.</p>
p. 81	<p>The Hon. DANIEL MOOKHEY: Has there been any other or like request to the Crown Finance Entity akin to this?</p> <p>Mr PRATT: From icare?</p> <p>The Hon. DANIEL MOOKHEY: From anyone.</p> <p>Mr PRATT: We might need to take that on notice. Not that I am aware of.</p> <p>Mr GARDNER: Not that I am aware of.</p> <p>The Hon. DANIEL MOOKHEY: The Treasurer also asked for the NALHP to be reviewed when he gave approval of the \$4 billion in total. I think he asked for that review to be completed by December last year. Was that review undertaken?</p> <p>Mr GARDNER: Yes, we have actually had an extensive period of a number of different reforms to the NALHP. It is sort of just the decision-making around what level it is. As I mentioned before—erroneously mentioned—there had been aggregation of HBCF but we have aggregated some of the other individual schemes that sat outside of team, which were inefficient to have, like the Construction Risks Insurance Fund, outside of that. So we have aggregated a few.</p> <p>The Hon. DANIEL MOOKHEY: On notice, can you provide us with the outcome of that review and the changes that resulted?</p> <p>Mr GARDNER: We can provide that, yes.</p>
	<p>RESPONSE</p> <p>As disclosed in the 2019-20 icare annual report, the funding ratio of the Insurance for NSW funds was 105% at the end of June 2020, within the target funding range.</p> <p>In the second half of 2020, Treasury reviewed the NAHLP position after the icare accounts were audited and determined that no further contribution was needed at that point in time.</p> <p>Treasury also reviewed the mechanics of the NAHLP for determining the contributions to, and withdrawals from, the Insurance for NSW funds included under the NAHLP. The results of this review were presented to the State’s Asset and Liability Committee who endorsed that, from the 2020-21 NAHLP determination process:</p> <ol style="list-style-type: none"> 1. The floor of 105% be maintained to provide a buffer against unexpected events, and 2. The ceiling of 115% be replaced with a ‘multi-factored approach’ (MFA) for determining contributions and withdrawals under the policy. <p>The MFA factors to be considered include:</p> <ol style="list-style-type: none"> a) Liability valuation risks and trends b) Risk transfer availability and costs c) Investment performance and outlook d) Current and expected funding levels e) Other government priorities f) Use of a guarantee instrument/letter of comfort as an alternative in certain circumstances

p. 82	<p>The Hon. DANIEL MOOKHEY: On notice, can we please get the costs to Treasury of the negotiations to date if that is possible? And can we also get on notice the costs for Treasury engaging with the Virgin process, specifically whether Mr Carapiet was remunerated at all for his service and, if so, how much? Is that possible?</p> <p>Mr PRATT: Yes, we will. That is fine.</p>
	<p>RESPONSE</p> <p>Advisors were engaged to assist with the Qantas and Virgin proposals totalling \$621,090.8 (Qantas) and \$1,083,727.22 (Virgin).</p> <p>In relation to Virgin, Mr Carapiet advised Treasury pro-bono.</p>
p. 84	<p>The Hon. MARK LATHAM: Mr Midha, could I just clarify, the work you are doing now on the electricity roadmap, do you now have access to the Aurora economic modelling and the Frontier economic audit of that modelling?</p> <p>Mr MIDHA: I believe the team does. I can come back and clarify exactly—</p> <p>The Hon. MARK LATHAM: Can you take on notice when that access to the modelling and the audit was first provided to you?</p> <p>Mr MIDHA: Sure.</p>
	<p>RESPONSE</p> <p>Treasury is continuing to engage with the Department of Planning, Industry, and Environment through the implementation of the Roadmap and the Electricity Infrastructure Investment Act 2020.</p>
p. 85	<p>The Hon. MARK LATHAM: And when do you intend to give scrutiny to the Aurora modelling? I have just explained to you it is out by 2½ gigawatts on rooftop solar calculations at least.</p> <p>Mr MIDHA: So that is the data that has been provided to us as part of the work that we are doing currently, but we do not have the detailed reports. We have the outputs of it.</p> <p>The Hon. MARK LATHAM: Do you think it is appropriate that you get that detailed report to do the work properly and thoroughly in the public interest?</p> <p>Mr MIDHA: We will. Obviously, I will check with the team on that.</p>
	<p>RESPONSE</p> <p>This question should be referred to the Minister for Energy and Environment.</p>
p. 88	<p>The Hon. WALT SECORD: Into gaming, right. Has Treasury done any work or any modelling on the impact of Minister Dominello's proposed reforms on problem gambling?</p> <p>Ms WILKIE: We have not done any economic or revenue modelling on those, to my knowledge. It would normally be something that is done in the relevant cluster, which we then review in terms of a specific policy proposal.</p> <p>The Hon. WALT SECORD: But the measures that he has proposed or floated would have an impact on Government revenue. Would you agree with that?</p> <p>Ms WILKIE: I would have to take that on notice. It is highly dependent on what the impact is likely to be on economic activity more broadly and activity within the gaming sector.</p>
	<p>RESPONSE</p> <p>NSW Treasury has not, to date, undertaken modelling of the impacts of these proposed reforms.</p>
pp. 89-90	<p>Ms WILKIE: It tests things like—to some extent it is a qualitative set of research that expands on the same sorts of questions that we ask in a survey. Some of the survey questions are things like, "Are you aware that you need to pay stamp duty if you purchase a house?", "Are you intending to purchase a house?"</p>

	<p>and "Would you be interested in paying property tax rather than a stamp duty?" Those are some of the questions that we ask in the surveys and those questions are then replicated to get a discussion so that we can get more qualitative information in a user group.</p> <p>The Hon. WALT SECORD: Who do you share this research with?</p> <p>Ms WILKIE: At the moment that research is being used by the policy team to refine policy proposals that will be put to Government. Some of it at a very high level has been shared with the Treasurer. However, as we have just said, the consultation process does not finish until 15 March so it has only been a summary update. We need the full range of feedback, coming from the channels I have just mentioned, as well as one-on-one meetings with stakeholders. We have had over 100 of those. All of that needs to be brought together before we finalise policy proposals to Government.</p> <p>The Hon. WALT SECORD: I am mindful of time. Could you take on notice what is the total cost of those discussion groups?</p> <p>Ms WILKIE: I can take that on notice.</p> <p>The Hon. WALT SECORD: And what steps are taken—are they in fact shared with the Treasurer's ministerial staff and the Liberal Party and The Nationals? I would like on notice a full list of who that information is shared with.</p> <p>Ms WILKIE: Sure. Just to clarify, in terms of the return of the information, the cost of the user groups is contained within the broader contract that we have with KPMG.</p> <p>The Hon. WALT SECORD: Okay, but I would like you to drill down.</p> <p>Ms WILKIE: I can specify that.</p>
	<p>RESPONSE</p> <p>Research results are discussed with my staff and me.</p> <p>Discussion group testing is provided as part of an overall contract for services. The contract does not specifically allocate costs for any individual services.</p>