

# **PORTFOLIO COMMITTEE NO. 6 - TRANSPORT AND CUSTOMER SERVICE**

**Wednesday, 25 August 2021**

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

## **CUSTOMER SERVICE AND DIGITAL**

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**The Committee met at 9.30 a.m.**

### **MEMBERS**

Ms Abigail Boyd (Chair)

The Hon. Mark Banasiak (Deputy Chair)

The Hon. Anthony D'Adam

The Hon. Scott Farlow

The Hon. Sam Farraway

The Hon. John Graham

The Hon. Shayne Mallard

The Hon. Adam Searle

Mr David Shoebridge

## **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**



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**The CHAIR:** Good morning everybody. Welcome to the virtual hearing for the inquiry into budget estimates 2021-2022. Before I commence I acknowledge the Gadigal people, the traditional custodians of the land on which the Parliament sits. I also pay respect to Elders past, present and emerging of the Eora nation and extend that respect to other Aboriginals viewing this broadcast. Today the Committee will examine the proposed expenditure for the portfolios of Customer Service and Digital. Today's hearing is being conducted as a fully virtual hearing, which enables the work of the Committee to continue during the COVID-19 pandemic without compromising the health and safety of members, witnesses and staff. As we break new ground with this technology, I ask for everyone's patience through any technical difficulties that we may encounter today. If participants lose their internet connection and are disconnected from the virtual hearing, they are asked to rejoin the hearing by using the same link as provided to them by the Committee secretariat.

Before we commence I would like to make some brief comments about the procedures for today's hearing. There may be some questions that witnesses could only answer if they had more time or with certain documents to hand. In those circumstances, witnesses are advised that they can take a question on notice and provide an answer within 21 days. All witnesses in budget estimates have a right to procedural fairness according to the procedural fairness resolution adopted by the House in 2018. Today's proceedings are being broadcast live from Parliament's YouTube channel and a transcript will be placed on the Committee's website once it becomes available.

Finally, a few notes on virtual hearing etiquette to minimise disruptions and to assist our Hansard reporters. I ask Committee members to clearly identify who questions are directed to and that everyone state their name when they begin speaking. Could everyone mute their microphones when they are not speaking. Please remember to turn your microphones back on when you are getting ready to speak. There is always one in every hearing though, so do not be too embarrassed. If you start speaking while muted, please start your question or answer again so that it can be recorded in the transcript by Hansard. Members and witnesses should avoid speaking over each other so that we can all be heard clearly. Also, to assist Hansard, I remind witnesses and members to speak directly into the microphone and to avoid making comments when their head is turned away. All witnesses will be sworn prior to giving evidence.

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**EMMA HOGAN**, Secretary, Department of Customer Service, affirmed and examined

**ADAM DENT**, Chief Executive Officer, State Insurance Regulatory Authority, Department of Customer Service, affirmed and examined

**DAMON REES**, Chief Executive Officer, Service NSW, Department of Customer Service, affirmed and examined

**STEPHEN BRADY**, Chief Operating Officer, Department of Customer Service, sworn and examined

**ROSE WEBB**, Deputy Secretary, Better Regulation Division, Department of Customer Service, affirmed and examined

**The CHAIR:** Today's hearing will be conducted from 9.30 a.m. until 11.00 a.m. and from 11.15 a.m. to 12.45 p.m., with questions from the Opposition and crossbench members only. If required, an additional 15 minutes is allocated at the end of the hearing for Government questions. As there is no provision for any witness to make an opening statement before the Committee commences questioning, we will begin with questions from the Opposition.

**The Hon. ANTHONY D'ADAM:** Good morning, everyone, and thank you for your attendance. I am Anthony D'Adam, a Labor member in the Legislative Council. I might start my questioning with Mr Rees. I would like to ask some questions about the Service NSW rollout of the business grants assistance schemes. There have been a number of adverse reports in the media in relation to delays in processing. I refer to an article published in *The Sydney Morning Herald* on 8 August. My first question relates to the issue of benchmarks for decision-making. The article suggests that there is a two- to seven-day benchmark for processing an application in the business support program. Mr Rees, is that benchmark being adhered to?

**Mr REES:** Thank you for the question, Mr D'Adam. Maybe just a little bit of context before I get to the specifics because there is a lot of information that relates to these programs. There are three primary programs that are being delivered at the moment. The first is the small business grant, which was opened for applications on 19 July and then the micro-business grant and JobSaver were opened a week later on 26 July. There are a range of other support stimulus measures also in place, but I think those three programs represent where the majority of the focus has been. There are a number of steps to how we process, assess and pay applications. Without getting right into the detail there, our aim is to pay eligible applications within four to eight working days of receiving them. Our average across all programs at the moment sits at about eight days.

**The Hon. ANTHONY D'ADAM:** Can I just stop you there. Did you say your intention is to pay an application within four to eight days of receiving the application?

**Mr REES:** Our goal is from the point at which the customer applies, for eligible applications, to pay those applications within four to eight working days. The average across all the programs to date sits at about eight days. I certainly do recognise there have been some customers, particularly those who applied early in the programs, who would have experienced delays longer than that. But the average overall is just over eight working days.

**The Hon. ANTHONY D'ADAM:** I just want to clarify. You are saying that from the date that the application is lodged the average is eight days before money arrives in the applicant's account. Is that what you are saying?

**Mr REES:** That is broadly correct. That is right. Applications, the way that calculation of eight days is derived—it captures all applications. So if we do have an application that has not yet been paid, we will calculate that from the date on which that application was made up until the present time. So it does not exclude any applications. But, yes, that is the average representation across all applications received.

**The Hon. ANTHONY D'ADAM:** What is the benchmark then in making a decision on an application? Within that four to eight days how long will it take for a decision to be made on an application?

**Mr REES:** The timing for the decision can vary between programs and between applications. In some programs, and for some applications, we will automatically assess and approve those applications so there is effectively no delay and same-day approval. For some of those programs, and for some applications, that will require manual assessment and the level of manual assessment will depend, in part, on the business that is making the application and the program that they are applying for. We typically have a three-stage process for manual assessments. Stage one looks at the applications, identifies whether there is any information that is missing from those applications and liaises with customers to try to address those missing aspects of the application. Stage two

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is then our assessment step, where we look at those applications and determine eligibility. Stage three has a final review and approval step before funds are then processed for payment.

**The Hon. ANTHONY D'ADAM:** And does that decision rest with a single assessor, or are there multiple layers within the assessment process?

**Mr REES:** There are multiple layers—as I said, that three-step process. Step two is where the assessment effort is taking place. Then we have a separate third step after that which acts as a quality assurance of the assessment process and where the delegations are held for the final approval of those assessments. We will vary that process over the life of the programs as the understanding of risk within those application sets changes. There are three steps applied.

**The Hon. ANTHONY D'ADAM:** In the article I referred to earlier there was an example of a business that was applying for both the COVID business grants, the initial grant program, and then for the JobSaver. They indicated that those applications were being considered in two separate processes. I wanted to get some clarification around whether there is some streamlining or, if that is the case, is it the case that those applications would not be joined together and assessed in a single process?

**Mr REES:** Yes. Firstly, I would say the eligibility for those two programs has some areas of difference. We do assess those applications differently. For the JobSaver program specifically the assessment for that program is performed by Revenue NSW as opposed to Service NSW. There are two different processes and two different teams involved in the assessment of those applications. We do apply some business rules to identify the synergies between those programs. As an example, if you have applied for both programs, if we have assessed you on the JobSaver program, which requires a turnover reduction of 30 per cent or greater, then that automatically meets the threshold for the lower payment on the business grant program. So we can apply some of that logic and those checks between the assessment of those programs to identify where we can automatically approve the other payment without an additional duplicate manual inspection.

**The Hon. ANTHONY D'ADAM:** How many businesses would have applied for the first grant program and then subsequently applied for the second? What is the percentage in the number of return applications?

**Mr REES:** I do not have the exact percentage to hand. But certainly more than half of the businesses that have applied for the first business grant program have gone on to apply for the JobSaver program. One of the key differences between the programs is the period in which the business needs to have been impacted as a result of restrictions. The business grant program is very much related to the first three weeks of restrictions, and so some businesses found that they were impacted as a result of that first three weeks and are eligible for that business grant program. Both JobSaver and the micro-business program really then take over after that first three-week period. So there are some businesses that are impacted through both those periods, there are some businesses that were impacted just in the first period but not subsequently, and there are some businesses that were impacted in the subsequent period but not in the first three weeks.

**The Hon. ANTHONY D'ADAM:** Coming back to your original statement around the benchmarks, on the evidence that you have given you are meeting the benchmark of the eight days as the outer limit. You are meeting that. Can you explain why there are still so many backlogged applications in relation to the business grant program? I think on the information that was available yesterday, 32,783 applications were still in progress. It is a long time since that program was put in place. Why is there such a backlog if you are meeting your benchmarks?

**Mr REES:** Yes. Maybe two comments. The benchmark that we have quoted is an average. Some customers will experience lower than that and some customers will have experienced higher than that. We certainly recognise, particularly in the first couple of weeks of the program, there were certainly customers that experienced a longer period having their applications assessed and their payments received. It is important then to understand the remaining—there will always be applications in progress to be assessed in these programs. We continue to receive applications on a daily basis. Almost half of the applications that have not yet been processed are actually waiting with our customers to either confirm that they would like to finalise their application, particularly in the case of micro grants, or to provide additional information to either support their application or clarify a question that the assessors have.

The figures that you have referenced were updated again this morning to reflect the progress as at the end of yesterday. You will see there are about 26,000 applications that are still to be processed. They range from applications that are received from today and we have a small percentage of those applications that are aged more than two weeks. All of those applications are to be assessed for, really, one of two reasons. They are either an application from a business that is in an industry that has not been identified as highly impacted by the restrictions that have been imposed. So there are some industries where we recognise there is a very clear correlation between restrictions and the impact on the business—cafes, restaurants, tourism, pubs, et cetera. There are a range of

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businesses where that correlation between restrictions and the subsequent impact on business turnover is not clearly or universally understood. Computer consultancy might be a good example.

**The Hon. ANTHONY D'ADAM:** Mr Rees, I have a limited amount of time so I might move you on. I want to ask about staffing. I refer to the number of staff who are assigned assessors. Are the assessors Service NSW employees?

**Mr REES:** A combination of people are involved there. The assessors are principally made up of three groups. We have Service NSW employees, we have Revenue NSW employees, who are principally focused on the JobSaver grant, and we have some third party support involved in assessment as well.

**The Hon. ANTHONY D'ADAM:** I am looking at yesterday's data, so I apologise. Referring to the 650 additional assessors, is that the upper limit? How many of those are staff have been added to Service NSW employee numbers since this program was implemented?

**Mr REES:** So 650 is the upper limit of the number of assessors we have had working on a single day and it is the combination of all three of those groups—Service NSW staff, Revenue NSW staff and third party support. Within Service NSW we have added, beyond the people that have been reprioritised from other activities, between 200 to 300 additional people into the organisation for the purpose of assessment. That is separate from the people that have joined the organisation to provide increased capacity for customer service and support for our business clients.

**The Hon. ANTHONY D'ADAM:** I see. So the 350 additional staff to answer customer inquiries are separate from the assessor numbers?

**Mr REES:** That is correct.

**The Hon. ANTHONY D'ADAM:** Are those assessors being drawn from other parts of the department?

**Mr REES:** They are principally from Revenue NSW. A significant part of the assessment capacity has been drawn from Revenue NSW. Revenue NSW has reprioritised some of its workforce from other activities to support the assessment of these programs, particularly JobSaver, but has also provided some assessment support for the small business grant as well.

**The Hon. ANTHONY D'ADAM:** Ms Hogan, the last budget had a \$37 million cut to the department's budget that was predominantly going to be taken through employee-related cost savings. Where is that budget cut up to in its implementation? Is that now off the table, given the surge in numbers to meet the requirements of the implementation of these programs?

**Ms HOGAN:** Yes, we have full funding support for the additional people that we have required for all of the COVID resources that Mr Rees has referred to.

**The Hon. ANTHONY D'ADAM:** So that \$37 million is gone now? That cut will not be given effect to, or will there be some additional cuts elsewhere to try to meet that, given the need to shift resources around these programs?

**Ms HOGAN:** I might defer to Mr Brady on the \$37 million specifically. I do not have those numbers in front of me. My view, as the secretary, is that we are appropriately funded and funded properly for next year. And then we get, and have received, a nice 12 months' additional financial support when we have needed to ramp up resources for initiatives such as these.

**The Hon. ANTHONY D'ADAM:** Mr Brady?

**Mr BRADY:** Thank you. I think I would have to take your question on notice. Our overall expenditure budget actually increased in the last budget.

**The Hon. ANTHONY D'ADAM:** If you are going to take the question on notice, Mr Brady, I will move on, because I have fairly limited time. Mr Rees, I come back to you. I want to ask about the arrangement in headcount requirements for both the business grants program and the JobSaver program. Can you explain to me why the headcount arrangement was put in place? Is that a question that you are able to answer?

**Mr REES:** I do not quite understand. Can you clarify the question?

**The Hon. ANTHONY D'ADAM:** So the JobSaver program and the earlier business grants program were intended effectively to preserve the relationship between employees and the business. The mechanism that has been put in place is this headcount arrangement where business has to make a declaration about its headcount and then they have to maintain that. I have a series of questions about how that will operate. Are you in a position to answer those questions?

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**Mr REES:** I could certainly attempt to, yes.

**The Hon. ANTHONY D'ADAM:** I wanted to ask about the arrangement with casuals. If a business has casuals as part of its headcount, is it able to reduce its hours to the minimum and still receive the full amount of the grant from JobSaver and the business grant program?

**Mr REES:** That is my understanding. If an individual's employment is maintained but their hours are reduced, my understanding is that does still meet the requirement to maintain headcount and that business would remain eligible for the support of that program.

**The Hon. ANTHONY D'ADAM:** Would those employees then be eligible for the disaster payment?

**Mr REES:** From the Commonwealth, yes; that is my understanding.

**The Hon. ANTHONY D'ADAM:** Does that in any way impact the amount that is then paid to the business? Let us just focus on JobSaver for the moment because that is one that is currently in place.

**Mr REES:** No, I do not believe so. The JobSaver payment is to the business, to support that business, and one of the requirements there is for the business to maintain headcount. The individuals of that business, should they experience a reduction in wages and access Commonwealth support, I do not believe that impacts the payment of JobSaver to those businesses.

**The Hon. ANTHONY D'ADAM:** What kind of auditing arrangements are in place to ensure that the headcount is maintained by the businesses receiving the support?

**Mr REES:** Currently, that is based on an attestation from the applying business. There are, of course, significant consequences to businesses that do not provide correct information as part of their applications to Service NSW as a government agency. We are in discussions at the moment with the policy owner of those programs, being Treasury, around what the compliance activities following the delivery of the program will look like.

**The Hon. ANTHONY D'ADAM:** One of the requirements is that business notifies if there is a change in headcount. What happens if they do not notify? What is the consequence? It is not clear in the guidelines what the consequence is of a business that does not notify of a change in headcount.

**Mr REES:** The obligation is on the business to notify of any change to any aspect that may render them ineligible for those ongoing payments as part of the JobSaver and the micro grant programs. We will be introducing an explicit step, moving forward, requiring businesses to confirm that their situation has not changed—that they remain impacted and they remain eligible for ongoing payments—and also providing them with an easy mechanism to withdraw payments. All payments are being made as act of grace payments, which means that if businesses are found to have received funds incorrectly, where they were not eligible, then Revenue NSW will be able to utilise its powers in order to reclaim those funds for government.

**The Hon. ANTHONY D'ADAM:** Mr Rees, I want to ask you about the Commercial Landlords Hardship Fund. This was an announcement made by Minister Tudehope on 13 August. There are still no details on the Service NSW website about this fund. It is almost two weeks. Why is that?

**Mr REES:** We are seeking guidance on priorities for the delivery of a number of programs. One of them is the commercial landlord fund. Another is the program that was announced to support accommodation providers where they had had cancellation of bookings. We are just working through the prioritisation of the delivery of those two programs. Once we get that guidance we will have an update on the website and a time frame for those applications available shortly.

**The Hon. ANTHONY D'ADAM:** The website says information will be provided soon. Can you give us a specific date when that program will be up and running?

**Mr REES:** That prioritisation question was posed several days ago. I am expecting finalisation of that today and we will aim to provide guidance by the end of the week.

**The Hon. ANTHONY D'ADAM:** Okay, thank you. I ask about the amount. Forty million is not a lot. How many commercial landlords do you think will be assisted by this fund? Is there modelling on that?

**Mr REES:** I would need to take that on notice, Mr D'Adam.

**The Hon. ANTHONY D'ADAM:** I ask about call times. Coming back to the data, there were some adverse comments in the media around people being required to wait for extensive periods on the phone. You are obviously running a very big call centre operation and you have extensive data on this. Would you be able to provide on notice what is the longest call that you have received in relation to this program and what is the longest



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wait period that someone has had to wait to have their call taken in relation to an application for any of those three business support programs that we discussed earlier? Do you have that information to hand?

**Mr REES:** I can certainly address the majority of that and I am happy to take anything else on notice. With the introduction of restrictions and the introduction of support we saw approximately a 4,000 per cent increase in inbound calls from business customers in a very short period of time. Certainly our average wait times did spike significantly and our customers did experience extensive waits of two hours or more trying to reach Service NSW for a period there. We responded to that by reassigning and recruiting additional support. I am happy to say that those average wait times, as of yesterday, were down to seven minutes. We aim to keep those average wait times below 10 minutes.

**The Hon. ANTHONY D'ADAM:** What is the median wait time, Mr Rees?

**Mr REES:** The median is the average; that was seven minutes yesterday.

**The Hon. ANTHONY D'ADAM:** The mean is the average. What is the median?

**Mr REES:** Sorry, median. I do not know. I will have to take that on notice, Mr D'Adam.

**The Hon. ANTHONY D'ADAM:** You will take that on notice. Thank you.

**Mr REES:** We aim to keep those wait times for business customers less than 10 minutes. They will still move up and down a bit. As you can imagine, it is a very dynamic operating environment. As an example, the recent introduction of requirements for permits relating to work resulted in a significant increase in calls from business customers, and also the expanded restrictions across parts of regional New South Wales are drawing more customer questions and more applications and support for grants. Whilst we aim to keep those wait times under 10 minutes, from time to time they are still going to increase. But I think we have—we are certainly in a good place at the moment.

**The CHAIR:** Thank you, Mr Rees. The Opposition's time has expired for this round. I will hand over to Mr Banasiak.

**The Hon. MARK BANASIAK:** My line of questioning might first start with you, Mr Rees. Just touching on what the Opposition has spoken about—the delay in processing—am I right in saying that we seem to have performed this task a bit better last year? There did not seem to be as many complaints about getting these grants and support processed and out to customers. Can you explain that perception? Why have we struggled this time around?

**Mr REES:** Thanks for the question, Mr Banasiak. I think there is, from my perspective, two key differences this year compared to restrictions last year. One is that the restrictions are more extensive and are impacting more businesses to a greater degree. I think the other comment I would make is that there are more elements to the Government response. For some of our customers there have been challenges understanding how the different programs work together, which ones are for them and what combination to apply for. Certainly, from a Service NSW perspective, that has expanded the complexity to stand up three programs in rapid succession and the significant volume of work that comes with that. But what I would say is as we stand now, four weeks into two of those programs and five weeks into the other, we have paid \$2 billion out across those programs.

I was saying before that the applications that remain outstanding and are currently being processed, they are typically for one of two reasons. One is that they are from a business that is in an industry that has not been highly impacted by the restrictions more broadly. We need to really understand what is the impact of those restrictions on a case-by-case basis. The second reason an application may still be requiring processing is it has triggered some form of flag—whether that is related to fraud or whether that is a question mark around eligibility—and then further analysis, and typically engagement with the customer is required to enable those applications to be finalised. All the applications that we have received from businesses in industries that have been highly impacted, and that are complete and eligible applications, have been processed.

**The Hon. MARK BANASIAK:** Are you receiving more applications now from the regional areas? A lot of regional business owners have contacted me and said they feel they are being disadvantaged because they are having to compare the downturn from the date of the Greater Sydney lockdown, not necessarily when restrictions hit their location. Do you have any data on that or any answer as to why they are having to compare their downturn based on the Greater Sydney lockdown date?

**Mr REES:** I think there is a little bit of misunderstanding around some of this, Mr Banasiak. The business grant program really relates to that three-week period of initial restrictions of 26 June to 17 July. It does not matter where your business is located in New South Wales. If the result of the restrictions that were put in place in that three-week period impacted your business in a way that makes you eligible, then that application is

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for you. To apply for that, or to demonstrate that turnover impact, there were a number of choices that were available to businesses. You can pick a two-week period within that three weeks and contrast it with the same period either in 2020 or 2019, or you can contrast your impact in that period to the two weeks prior to restrictions. I think there is a range of things there that I think cater to the vast majority of businesses.

Really, they are trying to enable a business to demonstrate what normal looks like and to be able to contrast that to the impact on their turnover as a result of those restrictions. For businesses that are more recently impacted, for example, as a result of the expanded restrictions, then actually the JobSaver or the micro grant programs are the programs that will be relevant for them. If they were not impacted in the first three-week period, it is the JobSaver and micro grant programs that are relevant. Similarly, they can demonstrate turnover impact in those same ways. They can either compare to the same period in one of those two prior years, or they can compare to the period immediately prior to the restrictions impacting them.

**The Hon. MARK BANASIAK:** Can we just go back to those dates that you mentioned, 26 June to 17 July. Why was that date range changed? The original documentation that business owners saw when they got onto Service NSW was 26 June to 27 July. Then about a week and a half later the date range was changed. It was only through sheer dumb luck that people realised that the goalposts had been moved. Can you explain the rationale as to why the date range was shortened?

**Mr REES:** I believe the answer is because the JobSaver program then kicks in and picks up the businesses that are impacted after 17 July. The policy owner for those decisions is Treasury. I would ultimately need to refer the question there.

**The Hon. MARK BANASIAK:** What steps did you take to make sure customers were notified of that change of the date range?

**Mr REES:** I cannot recall, Mr Banasiak. I would need to take that on notice.

**The Hon. MARK BANASIAK:** Just going back to actual Service NSW centres, what reprioritisation of staff has occurred due to lockdowns at the actual centres? Have you moved people out of those centres? Have they been put onto other functions? What services are not being offered at the centres at the moment? Is there a list that is available to people?

**Mr REES:** There is. Our service centres, like all frontline service teams, are managing the risks and impacts of COVID and transmission. We have had probably about 30 different instances of impact through COVID-positive customers, or in some cases team members, visiting Service NSW service centres. It is a very live and active issue that we are managing. One of our key responses there has been to limit face-to-face service delivery to essential transactions only. We have worked with partner agencies like transport to provide a relaxation of policies to enable the deferral of any transactions we can. Driver testing is a really good example where we have worked with transport and as a result we have been able to defer, I think, something like 50,000 driver tests that would have otherwise taken place through that period. I think that is a very, very important thing for our customer safety. I think it is a very important thing for the safety of our team. The impact of those various points of contact has forced us to revisit our opening hours and to revisit our staffing models to attempt to provide a continuity of service whilst we are managing through that impact and its impact on the availability of our workforce.

**The Hon. MARK BANASIAK:** Is there a list of these essential transactions somewhere on your website that says they are accessible for customers? I went on there just recently and I could not see anything front and centre.

**Mr REES:** I believe so. I will certainly check that and we can provide that link or that material.

**The Hon. MARK BANASIAK:** Yes, even on notice, a direct link that we could provide to our constituents would be great. I think that might be close to my time.

**The CHAIR:** Let us move to Mr Shoebridge. Are you ready?

**Mr DAVID SHOEBRIDGE:** I am. Thank you to all the witnesses for coming today and for all the work you have been doing. Mr Dent, I might start my questions with you. In the past 24 hours or so icare has updated its fact sheet about protections for workers if they have a vaccination for COVID and have an adverse reaction. Do you want to just briefly speak to that?

**Mr DENT:** I can, Mr Shoebridge, thank you. While I have not actually read the icare website update on that particular matter last night, I am aware of it. It would be in relation to providing guidance to insurers that should somebody have an adverse reaction to a vaccination they would, through the normal processes, be able to make a claim for workers compensation, if it was related to work. What would be required at this point in time is

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to demonstrate that there was a causal connection to their employment, and that a significant impact occurred. In the main, we would probably expect those claims would be treated as normal and would likely be considered as possible to be accepted. So that guidance has gone out to provide insurers with some interim information on how to handle those.

**Mr DAVID SHOEBRIDGE:** Mr Dent, I am not going to hold you to account for the wording on the website, but I will just read you one of the critical paragraphs for workers. It says:

The link between the vaccine injury and the worker's employment is easier to establish where a worker is influenced by their employer's requirement to get vaccinated or is subject to a NSW Government Public Health Order. In these circumstances there is an increased likelihood of the vaccine injury being covered under workers compensation.

There is a lot of uncertainty in that, is there not, for workers—a lot of uncertainty.

**Mr DENT:** While that may well be true, I think it does establish that if a causal connection is there and, as you say, a public health order direction or an influence by an employer would certainly be a decent consideration. It is not perfectly certain, obviously, but if it can be demonstrated then it obviously will be considered.

**Mr DAVID SHOEBRIDGE:** But icare cannot say, because it is not your understanding of how the law operates at the moment, that if you are required to get a vaccine and you have an adverse reaction you will definitely be covered. There is still a significant degree of uncertainty in that requirement to go through that four-step process that is set out on the fact sheet. Is that right?

**Mr DENT:** That is correct. The legislation does not provide any presumption at the moment.

**Mr DAVID SHOEBRIDGE:** Given we want to do everything we can to address vaccine hesitancy and encourage people to get vaccinated, has icare done some modelling about what the costs would be if there was a guaranteed cover for workers who were required to be vaccinated by work if they had an adverse reaction? Have you done some initial estimates?

**Mr DENT:** I am not sure if icare has. To answer your question specifically, Mr Shoebridge, I suspect you might mean the State Insurance Regulatory Authority [SIRA].

**Mr DAVID SHOEBRIDGE:** I meant SIRA, yes.

**Mr DENT:** SIRA has asked our actuaries to start putting some advice together for us. At the moment that advice has not been provided in any final format. But we have asked, should the impact start to be seen, what would that look like. Early indications would suggest that, without stronger guidance on what a presumptive model would look like, that provides huge variation between the boundaries of how much that might cost. So we are obviously concerned that whatever decision is made provides the right support to somebody who is injured, but equally make sure the scheme is sustainable. So I have not got any final advice on that yet, but we have asked for it.

**Mr DAVID SHOEBRIDGE:** You know the construction union, in particular, has been strongly advocating for the need for an unambiguous presumption that if you are required to be vaccinated for work, and you have a significant adverse reaction, you should be protected by workers compensation. You are aware of the calls from the construction unions?

**Mr DENT:** I am, Mr Shoebridge. I have seen those calls and we have had some early conversations ourselves with the Construction, Forestry, Maritime, Mining and Energy Union in particular, and we have seen correspondence that it has written to the Minister's office. SIRA is looking to provide advice to the Minister on that. Ultimately a decision around what is legislated is a matter for government, but we will provide advice on the sustainability of the scheme in that respect.

**Mr DAVID SHOEBRIDGE:** Mr Dent, I am tempted to ask you whether or not you think it is the right thing to do to ensure workers are covered in those circumstances. I do, but I understand it is not your role to provide that policy outcome, Mr Dent.

**Mr DENT:** That is correct. That is a matter for government.

**Mr DAVID SHOEBRIDGE:** A series of changes were made last year to provide presumptions in favour of frontline and essential workers that if they contracted COVID they would definitely be covered. I know that provided at least some sense of protection and certainty for those workers. Can you tell us what the cost to date of those claims under those amendments has been?

**Mr DENT:** I do not have those numbers to hand. I will have to take that on notice.

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**Mr DAVID SHOEBRIDGE:** Do you have the number of COVID-related workplace cases made in the scheme—the number of claims made and the number of claims accepted?

**Mr DENT:** I do. The number of claims and notifications—some of them have been notifications rather than complete claims—is 759. We publish that data on the open data section of our website. That is all there and was updated as at 20 August. That is available now. So we do know that the number of claims has not necessarily been as high in 2021 as might have been estimated. But the number of claims and notifications to date is 759.

**Mr DAVID SHOEBRIDGE:** Mr Dent, can you provide us any insight as to how many of those claims have been in the current outbreak, since mid-June onwards?

**Mr DENT:** I will have to come back to you. I will ask the team to follow that up for me and give me the number in relation to the current outbreak.

**Mr DAVID SHOEBRIDGE:** If you could get that data during the currency of today's hearing, that would be really useful.

**Mr DENT:** Yes, absolutely.

**Mr DAVID SHOEBRIDGE:** Do you know what the actuarial estimates were for the cost of those amendments last year? My memory was it was in the very many, many millions of dollars. Do you know what the actuarial estimates were for the cost of implementing those changes last year?

**Mr DENT:** Respectfully, Mr Shoebridge, at 7½ weeks in the role I suspect your memory might be better than mine on that. I will have to take that on notice and come back to you. I do know that we had actuarial advice and it was that the cost could be significant.

**Mr DAVID SHOEBRIDGE:** If you could provide the answers as soon as you can.

**Mr DENT:** Yes, absolutely.

**Mr DAVID SHOEBRIDGE:** What were the estimates and what have they been in reality to date? That would be very useful.

**Mr DENT:** If I cannot get those in this session, I will take that on notice.

**Mr DAVID SHOEBRIDGE:** Mr Dent, we are now seeing, looking at the Doherty modelling, 385,000 COVID cases across the country in the first six months if we open up at 70 per cent and then 80 per cent progressively using the Doherty modelling. Has SIRA been looking at what the likely costs will be to the workers compensation scheme if those sorts of case numbers actually happen in reality? Have you had a look at what the cost will be?

**Mr DENT:** I cannot say for certain that we have looked at that as part of the modelling around presumptive workers compensation claims should a worker be affected and should we reach that status. So I do not think the answer is yes. Certainly, if we have anything else on that I am happy to take that on notice. I know it may be something we can asked to be considered as part of the advice we are getting in relation to presumptive vaccinations.

**Mr DAVID SHOEBRIDGE:** I suppose, Mr Dent, it may be relevant to the presumptive work but my question was about more broadly under the current scheme. I am talking about people going to work in a supermarket and getting COVID or people in the transport industry getting it through meeting people at the depot—those essential workers. We know that that surge of COVID-related claims in the workplace are going to be very likely if that path is followed. Is there no estimate being done using the Doherty modelling about the likely impact that will have on the workers compensation scheme?

**Mr DENT:** I have not to date seen that. I cannot say for certain that means it has not been considered by our actuaries at this point. If you do not mind, I might come back quickly to the question you asked before. The number of notifications since the Bondi cluster commenced was 74, so 10 per cent of the total at this point in time. I will come back to you on whether our actuarial advice has taken into account the Doherty modelling at this point in time.

**Mr DAVID SHOEBRIDGE:** Do you have any insight into where the claims have come from for adverse reactions to vaccines—how many claims have been related to adverse reactions from vaccines and where that might be sector by sector?

**Mr DENT:** In relation to vaccines, I do not know that there has been a significant number of claims whatsoever to date. The number I just stated is in relation to COVID cases, people taking time off work due to

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contracting COVID. I do not have any information that suggests a significant number related to vaccines at this point in time.

**Mr DAVID SHOEBRIDGE:** I had heard that there had been a significant number of cases related to police and, indeed, something in the order of 90 per cent of those kinds of cases had been from police. Do you have any visibility at all on that data?

**Mr DENT:** That would be in relation to contracting COVID rather than vaccines. Just to be clear, Mr Shoebridge, that is the distinction between those. Of the notifications, I think you are correct: a significant proportion of those were from police. That is not necessarily all claims, but out of all the claims and notifications a significant number related to New South Wales police where they related to the Treasury Managed Fund [TMF] claims. That is correct. I perhaps recall seeing a number around 91 per cent.

**Mr DAVID SHOEBRIDGE:** Is that 91 per cent of all claims of the 720-odd over the course or is it 90 per cent of the 74 claims we have had since the middle of June or is it 90 per cent of the Treasury Managed Fund claims related to the public sector?

**Mr DENT:** I do not have that in front of me but my recollection is that it was 90 per cent of the Treasury Managed Fund portion of the claims over the course of the pandemic.

**Mr DAVID SHOEBRIDGE:** If you could give us a breakdown on the Treasury Managed Fund claims, including nurses, healthcare workers and the like, that would be really useful.

**Mr DENT:** I am happy to take that on notice.

**The Hon. JOHN GRAHAM:** Ms Hogan, a week and a half ago a plan was revealed to grant The Star casino access to 1,000 more poker machines. The reporting indicated it had been increasing the cap of 1,500 to 2,500 machines. It also indicated that it may require legislative change and it may involve a commitment to build two additional performance spaces. The plan was well received by investors, with the share price increasing 6.3 per cent and the value of the company increasing by more than \$200 million at one point. What can you tell the Committee and the public about this plan?

**Ms HOGAN:** I might ask Ms Webb to respond to that question, Mr Graham.

**Ms WEBB:** Certainly. What the Government has agreed to is to commence formal negotiations so the details are very much still to be worked out as part of those negotiations. Discussions are yet to commence and we do not have any final details. Some of the objectives that the Government will be looking for are the reduction in the number of venues in regional New South Wales that operate gaming machines, support for the ongoing financial viability of regional hotels and clubs, reducing the number of gaming machines operating outside the casino environment, enhancing gambling harm measures and ensuring that the financial return to the State reflects the long-term value of any licences that are transferred. So it is still very much a discussion at the moment with nothing settled yet.

**The Hon. JOHN GRAHAM:** Ms Webb, you have said that discussions are yet to commence but when was that decision to commence formal negotiations made?

**Ms WEBB:** It was a Cabinet decision, so I am not sure I can say much more about the exact time.

**The Hon. JOHN GRAHAM:** Government sources have not been as discreet as—given that this was reported as going to Cabinet the Monday following the coverage, we can assume that it was very recently.

**Ms WEBB:** I think that you can assume that the public information about it was related to the Cabinet decision, yes.

**The Hon. JOHN GRAHAM:** Who will be involved in those negotiations?

**Ms WEBB:** It will go out to the Independent Liquor & Gaming Authority and Liquor & Gaming NSW. We might also, of course, have some involvement with our Treasury and Department of Premier and Cabinet colleagues.

**The Hon. JOHN GRAHAM:** When are those discussions expected to commence?

**Ms WEBB:** We have not got a date at the moment.

**The Hon. JOHN GRAHAM:** Would it be fair to say that they are imminent, given the way it was reported?

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**Ms WEBB:** That could be right, although I will just emphasise that the team working on casino matters has been quite busy and so they have some other things they are doing at the moment. I am not sure that I can give you any exactitude about the date, but I imagine they will start soon.

**The Hon. JOHN GRAHAM:** You have set out the objectives. Before I turn to some of those specific elements, could I ask—in general, rather than about this specific bill—would an arrangement to increase the machines at The Star by about 1,000 machines require a change to the law?

**Ms WEBB:** I think it might but I can take that on notice. I think it might depend a little bit too on the actual arrangement that we come up with. I can take that on notice and confirm whether it would be absolutely necessary or whether it would depend on the arrangement.

**The Hon. JOHN GRAHAM:** What are the sorts of variables that could take part in a deal which might mean that the law was required or was not required?

**Ms WEBB:** I would really have to take that level of detail on notice.

**The Hon. JOHN GRAHAM:** It has also been reported that such a deal might require The Star to purchase 1,500 licences and then 500 of those might be retired under the existing framework for these machines. Asking in general rather than about the specific deal, is that correct?

**Ms WEBB:** I cannot say anything about the specific number, but I think the concept that the overall number of machines and entitlements would be reduced is quite a good consideration.

**The Hon. JOHN GRAHAM:** Yes, so that is part of the consideration but my question is: Would it be required by the existing framework?

**Ms WEBB:** I will have to take that level of detail on notice.

**The Hon. JOHN GRAHAM:** This is pretty fundamental to the management of poker machines in New South Wales; it is not really a question of detail, Ms Webb. If these machines were transferred, if they were purchased, would machines have to be retired?

**Ms WEBB:** I do not want to mislead the Committee. I could look up the legislation and try to get some advice to you in the course of this hearing if you like. I know there are requirements in various circumstances when entitlements are transferred for reductions in numbers, but the rules are a little complex and I really do not want to mislead you that it would definitely happen on any case here. There are definitely some requirements in the arrangements that you reduce the number of entitlements when you transfer, but I would prefer to take it on notice to make sure that I can give you a correct answer.

**The Hon. JOHN GRAHAM:** If you could take it on notice in the course of this hearing that would be helpful, Ms Webb. I do have to say that I think the public would be alarmed that the general regulatory framework—that general requirement to retire machines, which is of public interest—is unable to be clarified by the agency for the public, particularly given this deal has been floated and the agency will be negotiating with the casino over this.

**Ms WEBB:** I will definitely get you a detailed answer. I can say as a general proposition that entitlement transfers do lead to reductions, but I just do not want to mislead the Committee by saying how exactly that works when I do not have that level of detail.

**The Hon. JOHN GRAHAM:** Do those requirements still apply regardless of whether those machines are purchased or leased?

**Ms WEBB:** That is the sort of detail I want to confirm with my colleagues.

**The Hon. JOHN GRAHAM:** If you could confirm that specifically that would be very welcome. Has the agency completed any assessment or analysis about what an additional entitlement might mean for The Star in terms of a boost to their bottom line? Industry analysts would suggest it might generate revenue in the order \$100 million to \$230 million per year. Is that something where there is a State Government analysis, either conducted by your agency or by the Treasury, that you are aware of?

**Ms WEBB:** I am not aware that it has been done as of yet but I imagine that that might be something that would be part of the discussion of the negotiations.

**The Hon. JOHN GRAHAM:** Could you confirm the first bit on notice—has it been done previously and if it is the first time these suggestions have come up? Perhaps on notice. I might ask you to be reasonably stronger in your response on the second part. This surely would have to be done, would it not, Ms Webb? It will be part of the process. Can you confirm that?

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**Ms WEBB:** Yes, because I think it is it is a relevant consideration as part of the negotiations.

**The Hon. JOHN GRAHAM:** Yes. Can you also confirm that there will be an assessment of what this might mean in terms of gaming revenue back to the State?

**Ms WEBB:** Yes, that is definitely one of the issues that I mentioned in my very first answer—that financial return to the State would be required.

**The Hon. JOHN GRAHAM:** Can you confirm that one of the reasons that that will be required is that this is moving to a lower tax gaming environment potentially and it may have implications for the gaming revenue that is returned to the State?

**Ms WEBB:** I think we will be looking at all aspects of the financial return to the State, the financial impacts to The Star and generally how it would work in terms of financial arrangements.

**The Hon. JOHN GRAHAM:** When did The Star come to the Government with this offer for consideration of discussion?

**Ms WEBB:** I do not have that date in front of me. I can get it to you—

**The Hon. JOHN GRAHAM:** You will take that on notice?

**Ms WEBB:** Yes, that is okay.

**The Hon. JOHN GRAHAM:** What financial contribution has been considered as part of that offer? What has been offered apart from the discussion about two venues?

**Ms WEBB:** As I mentioned, the formal negotiations have not commenced and so we have not actually had any formal offers. That will be part of the negotiations.

**The Hon. JOHN GRAHAM:** So no formal offer has been made of either a financial consideration to Government up-front or presumably of these two performance spaces. Is that what you are saying—that no formal offer has been made?

**Ms WEBB:** I do not think a formal offer has been made. I think some indications have been given but I am not sure that a formal offer has been made. I have just been advised that The Star approached us in May this year.

**The Hon. JOHN GRAHAM:** To whom were those informal indications made?

**Ms WEBB:** I do not have a copy of the initial correspondence from The Star in front of me so I just cannot say exactly who they wrote to. They might have written to the Minister, they might have written to ILGA or they might have written to Liquor & Gaming NSW. I do not have that in front of me.

**The Hon. JOHN GRAHAM:** Okay, but you will take that on notice?

**Ms WEBB:** Yes.

**The Hon. JOHN GRAHAM:** Turning to some of the considerations, I thought your opening information was helpful to say, "Here are some of the priorities that we are going to look at." Is one of the priorities that will be examined by the Government in considering the potential change to the law and this shift of machines whether the casino hires more staff and transitions staff to permanent positions as a part of this change?

**Ms WEBB:** More staff overall or particular staff in relation to gaming? I do not think there has been a particular discussion about staff in particular but, obviously, if they were having more machines they might need more staff. Sorry, I might be misunderstanding your question, Mr Graham.

**The Hon. JOHN GRAHAM:** I am asking if it is one of the questions the Government will ask of The Star. Is it one of the considerations? Will more staff be hired? Will existing staff be transferred to permanent positions?

**Ms WEBB:** I do not have that in front of me as a specific issue that we would consider but we are not counting anything out, so I guess that could be something that we could look at.

**The Hon. JOHN GRAHAM:** You have indicated that additional harm minimisation measures to be implemented may be one of the considerations that the Government may take into account.

**Ms WEBB:** Yes, that would be a consideration for us. Therefore, staff to monitor the gaming floor could well be a consideration as part of that conversation.

**The Hon. JOHN GRAHAM:** What industry consultation has taken place so far outside of The Star?

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**Ms WEBB:** As I mentioned, we have not started any formal negotiations and that means we have not started any form of consultation yet.

**The Hon. JOHN GRAHAM:** So I take it there has been no consultation is really the punchline to your answer to that?

**Ms WEBB:** Not that I have been involved in or that I am aware of.

**The Hon. JOHN GRAHAM:** As a recommendation of the inquiry into the Crown, one of the recommendations has been in relation to an expert regulator and the Government has indicated its view on that question. Given that this is a significant change in the gaming arrangements in New South Wales, when is that change expected to be in place? What update can you give us on the timing of that change?

**Ms WEBB:** All of those recommendations of the Bergin inquiry are now the subject of an intensive work process to work out the implementation arrangements, including an implementation timetable. Obviously we will need legislative change to change the structural arrangements for the regulator and so that depends a little bit on the parliamentary timetable as well. We are getting going now that we have the decision and the Government response on getting an understanding of how all that will play out and the time it will take to do it.

**The Hon. JOHN GRAHAM:** One of the views was put by others—prominent figures such as Tim Costello—was that they were surprised that the Minister was spending time rearranging poker machines in the State rather than dealing with the pandemic. Those were not his exact words but his sentiment—not mine, although I certainly thought it was understandable. To Ms Hogan or Ms Webb, when was the last time you and the Minister met together with representatives from the hospitality industry to discuss the COVID-19 situation and what support they required?

**Ms WEBB:** I was involved in a meeting with the Minister and the clubs sector. I do not have the exact date but, from recollection, it was about three weeks ago. I can definitely find the exact date of that meeting. I will take it on notice. People in my team might have been involved in some other meetings that I was not able to attend, so I could also check those.

**The Hon. JOHN GRAHAM:** I might just turn to Mr Rees briefly, before handing back to my colleague. Returning to those questions about Service NSW, you have outlined the processing time on average [audio malfunction].

**Mr REES:** Sorry, I cannot hear you, Mr Graham.

**The CHAIR:** I cannot hear anything either. Are you on mute?

**The Hon. JOHN GRAHAM:** Is that better?

**The CHAIR:** Yes.

**The Hon. JOHN GRAHAM:** Sorry, I inadvertently hit mute there. Mr Rees, you have given us the processing times for those Service NSW programs rolled up together. Could you break those down? For each of the three programs, what is the processing time at the moment?

**Mr REES:** I do not have the average processing time split out by program, Mr Graham.

**The Hon. JOHN GRAHAM:** Could you take it on notice?

**Mr REES:** Yes, I could provide that on notice.

**The Hon. JOHN GRAHAM:** Do you have the call wait times for each of those programs?

**Mr REES:** That information will not be available. We have a path in our contact centre which takes all of our business inquiries. They can range from inquiries relating to how restrictions are impacting a business—

**The Hon. JOHN GRAHAM:** Mr Rees, are you telling us that you simply do not know? You must be running the only call centre in Australia that cannot tell the wait times for calls for a particular program.

**Mr REES:** We analyse the wait calls for our business customers overall. There is a plethora of reasons why business customers will be calling. We will not have that data split down to an individual program but we do know—

**The Hon. JOHN GRAHAM:** Well, I am very surprised by that, so can I ask you to take it on notice and consider the answer?

**Mr REES:** Of course.



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**The Hon. JOHN GRAHAM:** Thirdly, before I hand to my colleague, you are reporting publicly—and I think this is to your credit—the call wait time for business customers. What is the call wait time for non-business customers for Service NSW at the moment?

**Mr REES:** That would vary depending on the nature of the call. We have a COVID hotline for non-business calls. That COVID hotline typically operates at around an average wait time of 10 minutes but, like business calls, can fluctuate. Depending on the nature of a transaction that a customer is calling for, we will have a different level of service agreed with the partner agency for that. So it would really depend on the specific type of call you are interested in.

**The Hon. JOHN GRAHAM:** Could you provide those agreed times on notice?

**Mr REES:** For any specific types of calls, Mr Graham?

**The Hon. JOHN GRAHAM:** Yes, in general for each type of call.

**Mr REES:** Sure, we will provide that on notice.

**The Hon. ANTHONY D'ADAM:** In the intervening period, Mr Rees, I had a look at the website with the updated data. One thing that struck me was that in today's figures you report applications in progress or to be assessed for all three programs aggregated, but you have now stopped reporting for each of the business programs—the business grant program, the micro-business grant program and the JobSaver program—applications in progress. Yesterday I could see that there were 32,783 applications in progress. Today that figure has been omitted. Is that a bit sneaky that those figures have been dropped off, Mr Rees? Why have they been dropped off from the reporting?

**Mr REES:** Let me just quickly check the website so that I can make sure—

**The Hon. SHAYNE MALLARD:** Point of order: I have been sitting here very patiently, but you cannot accuse a public servant of being sneaky. I think that suggesting that is inappropriate.

**The Hon. ADAM SEARLE:** I do not think he was suggesting that the witness was being sneaky; I think it was a reference to the Government. The witness can answer in any way the witness chooses, but please do not interrupt Opposition time.

**The CHAIR:** I will rule on the point of order. From what I heard, the accusation was not directed at an individual. The question was whether the actual omission on the website was seen as sneaky. The questions will proceed.

**Mr REES:** Mr D'Adam, you will see that the in progress numbers are still included at the top of that webpage for the total of all the programs. The individual breakout of that by program was removed today because it was being reported in a way that was inconsistent with the aggregate numbers and would confuse and mislead. I have asked for the more detailed breakdown at a program level to be done in a way that is consistent with the total, so that will be re-added as soon as it is available.

**The Hon. ANTHONY D'ADAM:** Are you saying that the numbers were not adding up?

**Mr REES:** It was apples and oranges. They were reporting two different ways of viewing numbers and I think it was confusing.

**The Hon. ANTHONY D'ADAM:** So which figure should we rely on? Are you saying that we cannot necessarily rely on the aggregated numbers either?

**Mr REES:** No. The aggregated numbers are correct and can be relied on. What you will see in the aggregated numbers is that they effectively show two things. They show the number of applications that we are unable to process until we get further confirmation or information provided by customers, separate from the number of applications that are able to be processed. Those are the two relevant numbers. The details that were provided at a program level incorrectly aggregated those two numbers and inferred that all of those were waiting to be processed, which is incorrect.

**The CHAIR:** The Opposition's time has expired. Is the Hon. Mark Banasiak ready to ask some questions?

**The Hon. MARK BANASIAK:** Yes, I am. Can we just talk about cybersecurity for a second? I think my question might be directed towards Mr Brady. If not, please redirect it. How many cybersecurity breaches has Service NSW had over the past two years? I know that there are at least two because one of my staffers has received two notices to say that their data had been compromised. I just want an overall figure.

**Mr BRADY:** Mr Banasiak, if your question is specific to Service NSW, I might ask Mr Rees to respond.

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**The Hon. MARK BANASIAK:** That is fine—whomever you deem most appropriate.

**Ms HOGAN:** Mr Banasiak, are you talking about Service NSW or the broader Department of Customer Service?

**The Hon. MARK BANASIAK:** Service NSW.

**Ms HOGAN:** Then Mr Rees should take it.

**Mr REES:** Thank you for the question, Mr Banasiak. For a little bit of context, Service NSW, like most organisations, experiences attempted cybersecurity breaches constantly. That is part of operating the types of services that we do. We have had one cybersecurity incident that has resulted in customer impact, which was the incident we reported in 2020. Customers may have received multiple letters relating to that one incident as we worked through our process of notifying customers. For some customers, you may recall, there was an adjustment to the impact, which resulted in some customers receiving multiple notifications relating to the same incident.

**The Hon. MARK BANASIAK:** So you are saying that there has only been one successful data breach.

**Mr REES:** That is right.

**The Hon. MARK BANASIAK:** What has the department learnt and what have they improved in their processes as a result of that data breach?

**Mr REES:** There has been a huge amount of learnings from that data breach. If I maybe start with the specifics of the system that was compromised, which was our email system via a phishing attack that enabled the contents of our email accounts to be exfiltrated. There were a number of key learnings there. One relates to the technical controls that we had around our email platform. We have obviously introduced multifactor authentication onto that platform as well as the vast majority of other externally facing systems across Service NSW. That rollout has now covered 95 per cent of all of our externally facing systems. There was a range of other technical controls that were hardened around our use of email, such as limiting the third-party applications that could be used to access email from mobile devices, as an example.

The second thing we did was revise our information retention and removed about 92 per cent of all email from customer-facing mail accounts. We are in the process of removing the dependency on email for the transfer of information across all of our business processes and in conjunction with our partner agencies. More broadly, the agency as well as the department has a very significant focus on strengthening our cybersecurity posture. There is a program called Program Trust running for the Department of Customer Service that Mr Brady could speak to. Service NSW is part of that program and is running a series of focused efforts to uplift cybersecurity across a range of measures. Our principal three priorities to date have been the multifactor authentication rollout that I mentioned; vulnerability management and remediation; and uplifting, alerting and monitoring around cybersecurity incidents, including integrating with the new security operations centre that Accentia will be delivering for the department.

There is also a significant education and awareness component to that. We have mandatory cybersecurity training, we have regular dialogue across the organisation and regular reinforcement of common things to be aware of and to look out for, making it easier for our staff to identify what may be risky, what may be examples of attempted phishing attacks. Cybersecurity, along with risk management, privacy and a range of other things more broadly, is reflected as one of the pillars of the Service NSW strategy, and has an awful lot of focus right through the organisation. My executive team meets every fortnight on risk-, cybersecurity- and privacy-related issues to make sure it maintains that level of focus for the organisation.

**The Hon. MARK BANASIAK:** Can we talk specifically about the COVID check-in app because you have a significant amount of metadata around people's habits, particularly where they are travelling and what stores they are going into. How is that data stored and how is it safely shared to other agencies that need it? Where is it actually stored? I imagine it is stored on a cloud but is that cloud domestically owned or is it a cloud that is owned by an overseas entity?

**Mr REES:** The data for the QR code check-in service is stored within its own database. That database is stored within a cloud environment and that information is stored domestically. It is encrypted and the only purpose for that information can be contact tracing and so that information is only used by Health for the purpose of supporting contact tracing. We hold that data for 28 days and then it is automatically purged after 28 days. We have added an enhancement to the COVID check-in experience through the Service NSW app that enables our customers to look at the history of their check-ins. That enables you to see the totality of the information that is held within that database relating to the check-ins that you have performed.

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**The Hon. MARK BANASIAK:** Okay, but does that function still exist after that 28-day purge? Can they see back further than 28 days?

**Mr REES:** No, you cannot because we do not retain that information beyond 28 days in any form.

**The Hon. MARK BANASIAK:** Just clarifying, you said that it is purely for the use of contact tracers. Does that mean that no-one within the Customer Service cluster can access that data, that you are purely storing it as a repository and only Health staff are accessing it?

**Mr REES:** That is correct.

**The Hon. MARK BANASIAK:** With the app, what discussions have been had within the department around the longevity of how long we will be using that QR check-in? Obviously, as long as we are in lockdowns, but what is the projection from within the department as to how long you will have to support that app?

**Mr REES:** I do not think we have a position on that. As the Department of Customer Service we would very much take—it would be Health that would ultimately make those decisions and we take guidance from Health and the appropriate governance mechanisms.

**The CHAIR:** Mr Rees, just picking up on some of those questions from the Opposition in relation to the inquiries to Service NSW, I understand that an additional 650 assessors have been appointed. I also saw media reports of an additional 350 staff have been employed to help answer inquiries. Is that correct?

**Mr REES:** Yes, Ms Boyd, that is correct. The numbers that we have serving business customers will move up and down a bit depending on demand but, yes, we employed an additional about 400 people, I think, at its peak.

**The CHAIR:** Are they direct hires or are they through this partner agency arrangement?

**Mr REES:** It is a combination; we recruit in a combination of ways. Some of those people are recruited directly to Service NSW. We will leverage skill hire arrangements where we can that enable us to very quickly increase our capacity, and we will leverage the support of third parties as well when required.

**The CHAIR:** Those third parties—I understand Datacom has been appointed. Are there other third parties or is it just Datacom?

**Mr REES:** In the contact centre space Datacom is the primary partner that we work with. I know that we were recently considering doing a small piece of work to assist with some of our workload with other contact centre providers but I would have to take on notice whether that eventuated.

**The CHAIR:** Is Datacom effectively call soaking or are they providing substantive advice?

**Mr REES:** Datacom have helped in two areas. One is with our inbound call volumes. The role there is principally to help people understand and interpret the health orders as they relate to a customer's particular circumstances—whether that be individual or business. Those health orders are all translated into guidance for customers through the New South Wales Government website. A lot of the role we play there is helping people understand and interpret whether they are permitted to do what they are seeking to do or whether they require or have an obligation on them based on the information that is published.

**The CHAIR:** My office has been contacted by people who are saying that they called Service NSW, they were put on a call list and then someone calls them saying, "I am from Datacom. I have been asked to call you back." But they are then unable to provide any kind of substantive advice and are basically just trying to find out what the nature of the inquiry is to then put them back on a list to be called by someone else. Does that accord with your understanding of how that should be operating?

**Mr REES:** It does not. I would be disappointed if that was the experience that our customers were receiving so we will certainly look into that. One of the symptoms of onboarding a large number of people very rapidly in response to complex needs is that of course there is a period of time in which competency builds so there is a chance that will be symptomatic of people who are very early in their role. But, no, our goal is to provide the very best help and service that we can to our customers. We have a lot of focus on training and development and quality assurance to continue to help us strive to achieve that.

**The CHAIR:** Were the Datacom people trained before being—let loose is not the right word but being in a position to speak directly with people who had contacted Service NSW?

**Mr REES:** Certainly I would imagine in almost all circumstances, yes, training is provided before people are taking calls. One of the realities around the environment we are operating in is that often there is very little time between when restrictions are changed and when those changes are communicated to the public and our

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ability to understand those changes, train our staff and answer the questions that come in effectively immediately. So we do sometimes have periods where we are unable to provide the level of guidance that we would like with the confidence that we would like.

**The CHAIR:** I have one final question and perhaps you could take on notice information as to exactly what training occurs before people are given lists of people to call. I want to know—across the board—whether there is training given to people within Service NSW, particularly at this time, in relation to managing interactions with the public in a way that minimises the mental health impact? Is mental health first aid type training given?

**Mr REES:** Yes, there is. This has been a bigger and bigger part of our training over the past number of years, probably harking back to the bushfires that commenced in 2019, which saw Service NSW start to play a bigger and bigger role supporting communities that had been impacted by natural disasters. We rolled out a number of programs to help build those additional skill sets across our team to deal with customers who were experiencing a greater level of anxiety. They range from things like accidental counsellor training, which we found very valuable, and we rolled out dimensions of Lifeline-based training as well, recognising that we were becoming more and more likely to be speaking with customers who may be at risk of harm.

**The CHAIR:** Thank you. I will pass over to my colleague Mr David Shoebridge.

**Mr DAVID SHOEBRIDGE:** Mr Dent, I do not know if you got any of those numbers in the meantime, did you?

**Mr DENT:** I am just waiting on those to be clarified. I was incorrect: it was 90 per cent, not 91 per cent in relation to police when it came to TMF-related notifications. I have just asked to get that clarified so I will come back to you shortly, if that is okay.

**Mr DAVID SHOEBRIDGE:** Yes, thank you. Mr Rees, the Auditor-General made a series of important recommendations about grants schemes in the Auditor-General's review. There were a whole series of recommendations that were put out and many of those were to be implemented by the end of the year. Can you advise the Committee how many of them have been implemented to date?

**Mr REES:** For grants, right?

**Mr DAVID SHOEBRIDGE:** Yes, for grants. We might start with some of those key issues about identifying what the appetite for risk is and putting in place broader controls.

**Mr REES:** Service NSW has a defined risk appetite statement that outlines our risk appetite with respect to a range of areas. The delivery of grants, though, in terms of the risk appetite for grants programs, is not purely about the risk appetite of Service NSW; they are risk positions that are ultimately taken by the Government, obviously trading off the competing demands of the speed at which you want to provide support with the level of risk and compliance-related risk you are prepared to take along the way.

**Mr DAVID SHOEBRIDGE:** Mr Rees, for the small business grant—the hundreds of millions of dollars there—what is the risk appetite?

**Mr REES:** Do you mean for the current small business grant, Mr Shoebridge?

**Mr DAVID SHOEBRIDGE:** Yes.

**Mr REES:** I think it would be fair to say that the Government places a strong emphasis on the speed at which those funds are delivered. That has resulted in a varied level of assessment depending on the level of grant that is being applied for and the nature of the applicant for those grants. In some cases where people are applying for one of the lower levels of those grants within highly impacted industries and applications are not tripping any fraud or eligibility flags, those applications may be auto-processed. Applications that are considered to have a higher level of potential risk are likely to be queued for manual assessment.

**Mr DAVID SHOEBRIDGE:** Can you tell us what the risk appetite or what the acceptable risk level is for each of the current COVID-related grants that Service NSW is providing? That was one of the critical recommendations from the Auditor-General.

**Mr REES:** Please keep asking if I am not answering the question in the correct way. We have a risk appetite statement defined for Service NSW for each of the programs that we are currently delivering. We have put forward a view around the level of risk the Government would see with those programs. The decision on the speed at which to deliver those programs and the level of assurance to have before payments are made is ultimately a decision that sits with the Government.

**Mr DAVID SHOEBRIDGE:** I am not asking about whether or not you agree with the level of risk; I am asking you what the level of risk is—what that appetite for risk is—for each of the current COVID-related

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grants payments being managed by Service NSW. What the number is, if you like. Is it a 3 per cent fraud, a 10 per cent fraud or a 2 per cent fraud? You must have that because the Auditor-General said that was one of the major failings of Service NSW and the grants programs that the Auditor-General reviewed earlier this year.

**Mr REES:** I think the question of what is the appetite for risk of Government is not one that I can answer. I can certainly take on notice the question around what guidance we have provided and what assessment we have provided to inform that process.

**Mr DAVID SHOEBRIDGE:** Mr Rees, the Auditor-General said that it needs to be documented in advance; the level of risk needs to be clearly identified. We have seen in some of the bushfire-related grants fraud claims going in to almost 10 per cent—tens and tens of millions of dollars. I think it is only fair that you advise this Committee what the current risk profiles are for the COVID-related grants being administered by Service NSW. I ask again: Will you provide us with that detail?

**Mr REES:** I am happy to take that on notice, Mr Shoebridge.

**The CHAIR:** Thank you. Unfortunately, that is all we have time for this round, Mr Shoebridge. The Committee will now take a 15 minute break.

**(Short adjournment)**

**The CHAIR:** We will commence with questions from the Opposition.

**Ms HOGAN:** Ms Boyd, I just wanted to advise Mr Banasiak that I believe the services he was after from the Service NSW website have been forwarded to the Committee secretariat for him during the break.

**The CHAIR:** Thank you, Ms Hogan.

**The Hon. ADAM SEARLE:** Ms Boyd, I will lead for the Opposition in this round. My questions will be directed to Mr Rees in relation to cybersecurity or Ms Hogan, depending on who wishes to take the question. I think in the last round—perhaps the round before—there was a suggestion that there was only one confirmed data breach. I am just referring to questions given on notice in the Legislative Council in answer to questions by Mr Peter Primrose that in the 2019-20 financial year there were 56 data breaches reported in respect of State government agencies and in the following financial year—that is, 2021—that had extended to 205 data breaches reported to the Privacy Commissioner. My question is: Does Customer Service have visibility of all of these reported data breaches? And do you have any indication as to what has caused that explosion in reported breaches?

**Ms HOGAN:** Mr Searle, I might direct the question to Mr Brady actually, as it relates to the broader department.

**The Hon. ADAM SEARLE:** Sure.

**Ms HOGAN:** Mr Rees looks at Service NSW, which is one-third of the broader department, but Mr Brady looks at how we respond to cyber and privacy breaches. They are not always one and the same thing. Mr Brady, I will throw to you.

**Mr BRADY:** Thank you, Secretary. Exactly the key point there is that cyber breaches are really related to an attack by an external party—whether that is through phishing or some other attempted method of penetration of our systems—whereas a privacy breach can arise from a range of different circumstances. Certainly the largest single cause of a privacy breach in our cluster historically has been through email, where someone has inadvertently attached something to an email and that has gone to the wrong party. For our department, it had 264 total privacy breaches in 2021, which was up from 125 in the previous year. That actually reflects a growing culture and understanding of privacy within our cluster. We have been completing mandatory privacy training across our business. We have actually achieved 92 per cent completion of that mandatory privacy training. So it is part of an uplift in our culture and understanding of privacy that we are seeing an increased level of reporting. And also, of course, the mandatory reporting is now in place under the Fines Act for Revenue NSW. In terms of the cyber breaches, we have only had one other cyber breach in addition to the one that Mr Rees mentioned and that breach did not result in any customer information being breached.

**The Hon. ADAM SEARLE:** I think Mr Primrose's question related to data security breaches. I think that would contemplate pretty much every piece of information that might be electronically stored or recorded or transmitted. Those numbers you were referring to, are they just breaches within the cluster or is that the whole public sector?

**Mr BRADY:** They are only in relation to the Department of Customer Service.

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**The Hon. ADAM SEARLE:** So what visibility does Customer Service through Cyber Security NSW have about the totality of data and privacy breaches reported across the whole public sector? What sort of superintendent role do you have in terms of seeing all that information, if any?

**Ms HOGAN:** I will take that, Mr Searle, if you like. So Tony Chapman, who is the lead of Cyber NSW, is not actually called as a witness today, but I will do my best to answer. Cyber Security NSW plays, I guess, an advisory and central agency role across the whole of government for supporting cybersecurity incidents. Then the Information and Privacy Commission [IPC] through Ms Gavel are more responsible for looking at the privacy breaches across all of government. They also sit in the cluster but they are an independent organisation, whereas Cyber NSW is not. So we primarily record the cyber incidents and we can see if they resulted in a privacy breach, but we do not look at privacy overall.

**The Hon. ADAM SEARLE:** Just to be clear, you do not get visibility of all the reported breaches across the whole public sector?

**Ms HOGAN:** We would get visibility of cybersecurity incidents, and sometimes they do or do not result in privacy breaches as well. But I would not, as the Secretary, nor would my core department, have visibility of all privacy breaches across the sector. That would be a question for Ms Gavel from the IPC.

**The Hon. ADAM SEARLE:** I see in the evidence to the cybersecurity inquiry held earlier this year by Portfolio Committee No. 1 in the upper House that the charter of Cyber Security NSW was described as providing whole-of-government leadership, coordination, advice and intelligence across New South Wales government. What role does Cyber Security NSW play in ensuring that the standards and protocols that you have supervised the development of in relation to cybersecurity measures are actually adhered to by government agencies?

**Ms HOGAN:** Again, I would take the details of it on notice, but we play a broad role. We coordinate our cyber response through all of the cybersecurity officials and there is a lead cybersecurity official in each of the clusters across government. We have various reporting mechanisms where they advise us on the progress of their cyber maturity. They advise us on any incidents that have occurred and often Cyber NSW will coordinate the response to those incidents, particularly if it relates to more than one agency, like we have done previously. Then we provide guidance and advice around cyber intelligence that we may get from the Australian Cyber Security Centre [ACSC] or the police or other forms of intelligence that we feel need to be advised across the whole of government.

**The Hon. ADAM SEARLE:** Just going back, Mr Brady, to that earlier question about the increase in reported data breaches to the Privacy Commissioner that went from 56 to 205—I think you also gave evidence that, in relation to the breaches within your cluster, there had also been a big jump. I think in relation to your cluster you said that reflects a growing awareness of privacy. Do you therefore say it does not reflect an increase in the number of actual breaches?

**Mr BRADY:** I think it would be impossible to say, Mr Searle. We cannot say what might have occurred in the past that we were not aware of. But what I can say is Project Trust, which Mr Rees referred to earlier, tries to lift not only our cybersecurity but also our culture and capability across the cluster. One of the things that we are particularly focused on is ensuring that we are reducing our use of email attachment. As I said earlier, that has been the single biggest cause of privacy breaches. So we are making sure we are using more secure ways of transmitting information within our department, which limits the risk of those things happening, as well as raising the understanding of our staff so that they are aware of the risks and they are avoiding the use of those tools and being aware of if there are any potential phishing exercises as well.

**The Hon. ADAM SEARLE:** In terms of what we do know though, both within the public sector more broadly and your cluster specifically, we have seen fairly significant jumps in reported data breaches. I think from Ms Hogan's evidence it sounds like what Cyber Security NSW does is you work with agencies, you develop these protocols and these standards that agencies are then meant to adopt, but you do not actually provide a compliance or enforcement role. Is that correct?

**Ms HOGAN:** We are progressing to play more of a compliance role now, Mr Searle. The Government announced last year through the Digital Restart Fund an additional \$240 million to support cybersecurity uplift across the State. And \$60 million of that was allocated to Cyber NSW so that we could increase the role that we play across government, both for the larger clusters and to support smaller agencies where required. We are growing that capability now and all of those chief information security officers [CISOs] do report back as to what is going on in their agencies but only as it relates to cyber and then any flow-on privacy or data breach impacts. The privacy details that Mr Brady described earlier across government, they can occur through many different mechanisms and people choose to report those to the Privacy Commissioner. She would be better placed to

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comment on whether the reporting has increased because there are more incidents or because agencies have been encouraged to report more often.

**The Hon. ADAM SEARLE:** The first recommendation of the upper House cybersecurity inquiry earlier this year was that the State Government should provide Cyber Security with a clearer mandate to oversee agencies' cybersecurity progress and to ensure compliance. Can you tell this inquiry whether that mandate has been given to Cyber Security NSW by the Government?

**Ms HOGAN:** Yes. So through the additional \$60 million that we have been provided, we have been able to expand the team and therefore expand our responsibility across government. We are responsible not just for leading the sector-wide cybersecurity strategy but for ensuring that all agencies honour it and monitor it. I would not say that we have all of that in place just yet, as we have only been expanding the team over the last little while, but that is the progress that we are making to that Government remit.

**The Hon. ADAM SEARLE:** I do not want to put words in your mouth, Ms Hogan, but the mandate to Cyber Security NSW to fulfil, if you like, that central agency-style role in relation to cybersecurity to be able to actually enforce compliance by other agencies, that is not yet fully in place. You are building your capability but you do not yet have that authority. Is that correct?

**Ms HOGAN:** No. I think that Cyber NSW has that as its role to play. I am just saying I think I would be misleading the Committee if I said that we were 100 per cent there, given that we have only just been expanding the team. I would be happy to take on notice from Tony Chapman, who is our lead in Cyber Security, for further detail on exactly what the progress has been and when we expect to see those duties to be fulfilled.

**The Hon. ADAM SEARLE:** Yes. In relation to the \$240 million that we heard about in the inquiry as well as just now from you, \$180 million is available to the different departments to, I think the terminology is engage in "targeted cybersecurity uplift to better manage and address cybersecurity risks, improve the maturity of practice in agencies", blah blah blah. What is "uplift" or "security uplift"? Are we talking about programs, training, hardware, engineered goods? I mean, the jargon is just impenetrable here. Can you decipher it for us?

**Ms HOGAN:** Yes, sure. So it could be for a number of things. Again, I am happy to take a more detailed response on notice from Cyber NSW. But generally when we talk about uplifting cyber capability across New South Wales, we are talking about culture uplift, we are talking about repairing systems, we are talking about strengthening the Essential Eight, we are talking about strengthening the mandatory 25 requirements that we have in place to ensure that our cybersecurity obligations are fulfilled.

**The Hon. ADAM SEARLE:** I think I understand that. In relation to these increased reported breaches that we have been reading about, it does seem that there has been sort of an inability to hold back the tide. Does that speak to some kind of flaws in the protocols that Cyber Security NSW has promulgated? Does it talk to a lack of compliance by agencies? Where are the gaps here that are allowing this rising tide of breaches that we are seeing reported?

**Ms HOGAN:** Without seeing Mr Primrose's question on notice nor the answer that was provided, I am not entirely sure where that data has been drawn from. If it refers to data breaches, they may or may not be cyber related; and if it extends to 205 privacy breaches, they also may or may not be cyber related. So I am not entirely sure how to phrase an answer around that question. What I will say, from a cyber perspective is we continue to remediate where we see challenges. We continue to build a culture where people are more cyber and privacy aware. I issued a circular last year to the whole of the State saying that cyber training must be compulsory for the staff, and all agencies are implementing that. I think what is constantly the challenge is, you know, cybercrime is on the rise and it is global. We are not the only ones that are impacted by that. So whilst we are doing our very best to ensure that we operate in a cyber-safe and privacy-safe environment, I think that cybercrime will continue and it is something we need to be ever vigilant about. We need to be constantly assessing and monitoring, as Cyber Security NSW does, to improve our response.

**The Hon. ADAM SEARLE:** Do you get any visibility of the reports to the Privacy Commissioner? For example, of those 205 incidents, do you know what departments they relate to, whether departments have been the subject of multiple breaches, how many citizens have had their data potentially compromised? Do you have any visibility of that basic information?

**Ms HOGAN:** No, I would only be able to get visibility of it as it impacted—if it was driven by a cyber incident. I would not have visibility of, let's say, a breach in Justice that had occurred because of the wrong email attachment going out, or any other cluster.

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**The Hon. ADAM SEARLE:** In terms of the cyber incidents though, do you get visibility of all of those things from the Privacy Commissioner? Is there that information sharing to enable you to do your work? Or is that a gap in the system that needs to be remedied?

**Ms HOGAN:** No. I would say that if Mr Chapman were here—and I will take his actual response on notice—he would say that he has visibility of the various cyber incidents that have occurred across the State.

**The Hon. ADAM SEARLE:** So he would be able to tell us what departments have been the subject, whether there are sort of repeat offenders, if you like, or whether they are spread? Through you, could you provide us on notice which departments have been responsible for those 205 incidents?

**Ms HOGAN:** Well, if the 205 incidents are cyber related, I would be able to share more information and I would have to check through my departmental experts—

**The Hon. ADAM SEARLE:** Could you take that on notice please and come back?

**Ms HOGAN:** Yes, I will take it on notice and we will provide what we can and if not—yes, we will provide what we can.

**The Hon. ADAM SEARLE:** Of that \$180 million for cluster departments, how much of that has been spent to date?

**Ms HOGAN:** I would have to come back on the numbers. I can do that by the—

**The Hon. ADAM SEARLE:** And on what has it been spent?

**Ms HOGAN:** Yes. I can come back and tell you potentially by the end of the session, and if not, on notice, how much of that money has been allocated to which department. In terms of what each department has spent that money on specifically, that would be a very detailed response that I would need to take on notice.

**The Hon. ADAM SEARLE:** I am happy to have a detailed response, and I am sure if you need more time than we have allocated the Committee would indulge you. That information is very important. Ms Hogan, in March of this year the Electoral Commissioner stated:

Lack of adequate investment in the cybersecurity of NSW electoral systems and personnel over time has meant that the Commission does not comply, and cannot comply in the immediate future, with the NSW public sector's mandatory cybersecurity policies. The Commission also does not meet the ACSC's Essential 8 standards for cybersecurity.

Now, that is very disturbing coming from the Electoral Commissioner because it speaks to the potential lack of integrity around our electoral processes. Do you think this is adequate? Has money been allocated to the Electoral Commission to help bring it up to speed?

**Ms HOGAN:** I would have to take on notice whether the Electoral Commission has actually applied for additional funding through the money that has been set aside for cyber. In this year's budget we were given an additional—or the Digital Restart Fund was given an additional \$500 million and I think approximately \$70 million of that was set aside for additional cyber support specifically for smaller agencies. But I would have to take on notice whether the Electoral Commission has actually applied for any of that funding.

**The Hon. ADAM SEARLE:** Fair enough. Now, earlier this year Cyber Security NSW indicated through a media release that it became aware in January of the Accellion data breaches.

**Ms HOGAN:** Yes.

**The Hon. ADAM SEARLE:** Accellion in February said that it notified all of its customers on or around 23 December. I think in estimates earlier this year the health Minister and the Health secretary indicated that Health knew or became aware around about Christmas Day or Boxing Day. We have now learnt that the police and Cyber Security commenced Strike Force Martine in February. I just wanted to know when Cyber Security NSW was in fact notified of the Accellion data breaches. Was it in December or at some subsequent point in time?

**Ms HOGAN:** That is casting my mind back quite a while, so I will have to take the details of that on notice. But I can say that Transport and Health have proceeded to manage those incidents since then.

**The Hon. ADAM SEARLE:** Sure, but that is not my question. My question really is: Do you know when they reported to Cyber Security NSW that the incidences had happened? When were they aware of the incidences? Because there seems to be some lack of clarity around the time lines.

**Ms HOGAN:** Without Cyber NSW here in the room, I would have to take it on notice, I am afraid. I do not have that level of detail with me.



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**The Hon. ADAM SEARLE:** Madam Chair, my time has expired but I will return to these themes.

**The CHAIR:** I will ask just a few questions before I hand over to the Hon. Mark Banasiak. I just wanted to pick up, Mr Rees, on the issues we were discussing before in relation to Datacom. Perhaps you could take it on notice, but I am interested in knowing what percentage of calls to Service NSW is being answered by Datacom people and also what percentage of issues raised through that service is being actually resolved by Datacom, as opposed to having to be passed on to somebody else. Are you able to provide that information on notice?

**Mr REES:** Yes. I can provide some guidance, which is Datacom represent a relatively small percentage of our overall contact centre workforce. It would be, I think, in the region of maybe 10 per cent. But I can certainly come back to you on notice with the specifics.

**The CHAIR:** That would be very useful. And just one last question: I understand that a number of businesses with suppressed Australian business numbers [ABNs] were finding it very difficult to apply for the micro grants in particular because basically when they went online to do this they had to put in an ABN. So if you had a suppressed ABN, it was not able to cope with that. I understand there was a workaround put in place where people could call and speak directly with somebody in order for them to still be able to apply with a suppressed ABN. But has there been a technical fix put in place for that or is the expectation still that people will have to call and speak to somebody in order to apply?

**Mr REES:** I will have to check. Certainly the ABN controls are there to protect the grants programs from abuse. One of the key requirements is that you are a legitimate and active business. Those ABN checks obviously give us a strong level of assurance for the majority of the applications. There will be from time to time customer applications that do need additional support from our team in order to be processed. But I will look into the specific question regarding suppressed ABNs.

**The Hon. MARK BANASIAK:** My questions are directed towards Ms Webb, particularly around the property expert panel. Last estimates, which was on 5 March, the Minister announced that the property expert panel had been established, but we were not able to get an answer on the day as to what the composition of that panel was. The question was taken on notice and the response was that the composition had been announced on Fair Trading's website on 24 March. My question is: Was the actual panel established when the Minister made that announcement or had he actually jumped the gun? Because it seems illogical that if a panel had been announced at 5 March, someone would have been able to tell us the composition.

**Ms WEBB:** Mr Banasiak, I don't think I can answer that question. I do not have any particular briefing on the Better Regulation matters with me today because we were here for the Customer Service portfolio. So I would have to take on notice exactly the time line of when the establishment of the committee occurred versus the announcement versus the invitation to members. I just do not have that material with me today.

**The Hon. MARK BANASIAK:** Most of my questions are going to be on this, so I may just defer to Mr David Shoebridge and put these questions as supplementary to you.

**Ms WEBB:** Yes, that would be [inaudible]. Thank you.

**The Hon. MARK BANASIAK:** Mr Shoebridge, it is all yours.

**The CHAIR:** I think Mr David Shoebridge is not online. We can hand back to the Opposition.

**The Hon. ADAM SEARLE:** Thank you, Madam Chair. Just returning to the cybersecurity matters, under the protocols in place, Ms Hogan, if a department discovers a cyber attack, who are they meant to report to? Are they meant to notify Cyber Security NSW first and foremost before they do anything else? What level of visibility are you supposed to get? Could you answer that question.

**Ms HOGAN:** Yes. So there is a framework in place about what constitutes a cyber incident. Some cyber breaches might be—they might just be an attempt. An agency might have picked up an attempt to get into a system. That might be, depending on the system that it is, considered low risk and then we move up to a heightened risk and then a significant risk. I would have to take on notice the specific threshold but once you get to a specific threshold there is a requirement to report it to Cyber NSW. That is correct.

**The Hon. ADAM SEARLE:** In relation to the Accellion incidents, I see in reporting earlier this year that Transport's information got put on the dark web by a ransomware outfit called CL0P. It said that Health's data was not also put on the dark web, although it was also subject to the Accellion data breaches. Can you find out and tell us on notice when those two agencies reported to Cyber Security NSW the Accellion data breaches and when they in turn became aware of their own internal breaches?

**Ms HOGAN:** Yes, I can.

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**The Hon. ADAM SEARLE:** In relation to that, I see in a 1 March report earlier this year that Accellion themselves say there were two incidents: one in December and one in January. That might explain some of the lack of clarity over time lines. Can you bear that in mind when you provide us with your answers?

**Ms HOGAN:** Yes.

**The Hon. ADAM SEARLE:** Ms Hogan, no doubt you would be aware of this report from the Audit Office about managing cyber risks, in particular looking at Transport. It found that there were a number of significant problems in Transport for NSW and Sydney Trains around managing their cyber risks. There are some quite disturbing findings there, including that the senior executives were not really given visibility of matters and also that they do not appear to have really met their own benchmarks in terms of cybersecurity. In fact, I think these risks were so significant that parts of the Audit Office's report had to be redacted because, between December 2020 and this report being tabled, I think in July of this year, neither Transport for NSW nor Sydney Trains had in fact identified the vulnerabilities identified in the report. In fact, even more disturbingly, they were not aware of those vulnerabilities until the report was done. My question is: Why didn't Cyber Security NSW have knowledge of these matters until the audit report? Is that because, again, it was not your job to superintend the agencies?

**Ms HOGAN:** I will answer that as best as I can but, as Cyber NSW has not been called as a witness, again I have not prepared myself as fully as I might have on cyber had they been called. I will do my best and I will take the rest on notice. I am aware of the Transport report. What I think it refers to is two things—and, Mr Searle, of course, correct me if I am going down the wrong path here. When the Audit Office did that work with Transport, they used what is called red teaming, where they do some of their own vulnerability assessments, and then when those vulnerability assessments are completed they advise the agency what they found. It is the agency's responsibility to then acknowledge those vulnerabilities and to fix them. My understanding is that Transport have been made aware of all of those and are in the process of taking steps to fix them. But the specific details you might be better placed to ask Transport, because Cyber NSW would be aware of the report and we do in fact get given the opportunity—Cyber NSW gets given the opportunity to review the Auditor-General's [AG] reports from a risk perspective. But the specifics of how that was handled would be a better question for Transport, as they would have led the response on that themselves.

**The Hon. ADAM SEARLE:** What I found particularly disturbing in the Audit Office report was that both of those agencies had cybersecurity plans that were said to be in line with the mandatory requirements put in place by Cyber Security NSW.

**Ms HOGAN:** Right.

**The Hon. ADAM SEARLE:** That gives rise to two possibilities. One is the plans were in place but they were crap and they did not work because you guys did not design them properly. Or, secondly, maybe they did not properly implement them. Again, there seems to be a lack of granularity in the Audit Office report, but it does sound like the two agencies were fully compliant with the requirements put in place by Cyber Security NSW. Yet there were these pretty devastating vulnerabilities when you read the full report. Does that suggest to you that maybe Cyber Security NSW needs to sharpen its pencil and refocus the content of its mandatory requirements across the public sector, particularly if it is going to take on this central agency policing kind of role?

**Ms HOGAN:** Well, I think, as I answered earlier, that is already the case. We are already ramping up our own capability on the way in which we work with other agencies and hold them to account. But the granularity of the Transport report itself I am not across. You would have to ask Transport or I can take it on notice and get our Cyber NSW team to respond in more detail.

**The Hon. ADAM SEARLE:** Yes, I look forward to your response on notice. And I am informed that we did in fact ask for Cyber Security NSW to attend this hearing but I think there may have been a congestion issue for Hansard in any case.

**Ms HOGAN:** Okay. I was not aware of that.

**The Hon. ADAM SEARLE:** That is okay. In terms of taking on that greater superintendence, what time horizon do you see before that is fully realised, Ms Hogan?

**Ms HOGAN:** I think from a resource perspective we are almost there, but I will get my office to contact me before the end of this session and I will come back to you with a more fulsome answer.

**The Hon. ADAM SEARLE:** That would be good. One of the other aspects in the report of the Audit Office was in relation to executives in those agencies not being fully informed about the cybersecurity risks and measures. I think that \$180 million that has been provided for clusters to avail themselves is to, sort of, drive an improvement in culture, particularly amongst leadership elements in agencies. You would agree, would you not,

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that it is very hard to drive cultural change in relation to cybersecurity if those in leadership are not aware of the issues or the problems?

**Ms HOGAN:** I am not sure of the question you are actually asking me there, Mr Searle.

**The Hon. ADAM SEARLE:** Well, it is a bit hard for those in leadership positions to drive a cultural change in relation to cybersecurity if their agencies are not making them aware of the issues or the problems. You don't know what you don't know. If you are a leader of an agency and you are wanting to do the right thing, if you are not being kept fully informed, that is clearly a problem and I accept it is a problem within those two agencies that have been identified in the audit report. But I do not see why Transport for NSW or Sydney Trains would be outliers across the public sector. Does this suggest to you that there may be problems across the public sector with people in key leadership roles not being properly informed by their agencies about cybersecurity risks and issues? How would you address that?

**Ms HOGAN:** I am not sure that it suggests that to me fully but what I can tell you is—at Secretaries Board alone we report each month. Each cluster has an opportunity to present on what their cyber risks are, how they are progressing, what they are doing to culturally uplift, what they are doing to remediate various things. It is taken very seriously at a senior management level. Yes, some of that money that has been allocated has been allocated definitely for culture uplift programs and training. At the Department of Customer Service [DCS] alone we take that very, very seriously, as Mr Brady mentioned earlier. And clusters do report back to us on how they are tracking with that. So I don't know that it is necessarily all about what executives do and do not know. I just think that cybercrime is persistent and cybersecurity breaches or attempts to breach cybersecurity will continue to occur and we need to take a continuous improvement approach, as we do with many things, to making sure that our culture is always across these issues and the appropriate training is in place.

**The Hon. ADAM SEARLE:** The cybersecurity report of the upper House earlier this year raised a concern about Cyber Security NSW being part of Customer Service and doing that sort of leadership, maybe growing into a superintending role on cybersecurity, and also being in the same agency or cluster as Service NSW, which is a core service delivery. One suggestion was to move Cyber Security NSW into the Premier's cluster to sort of give it that independence from service delivery. What steps are you taking, while it remains in Customer Service, to make sure that there is that appropriate separation between Cyber Security and the service delivery functions of Service NSW?

**Ms HOGAN:** Yes, so the Department of Customer Service has been set up to be a central agency. We provide a lot of central agency services, not just Cyber NSW. We have Data Analytics. We have the Behavioural Insights Unit. We have the New South Wales Government communications team that provides support across all of government. We do operate very much as a central agency in many arms of the work we do. Service NSW is obviously more so part of our delivery arm and a very important part of our delivery arm. But the two do operate independent of each other. Cyber NSW sits under our chief digital officer for New South Wales, Mr Greg Wells, and Service obviously sits under Mr Rees, who is present today. They operate purely independently. It will be up to Government to form the view as to whether Cyber NSW should be moved to the Premier's cluster. But even if that were the case, Cyber NSW would need to operate independently in assessing the cyber performance of that cluster and there are many independents in there as well. I think, regardless of where it sits, it has to operate in a way that is separate from the operational arm of any cluster, as it does with our own.

**The Hon. ADAM SEARLE:** In that earlier inquiry this year in relation to cybersecurity, there was evidence given—I cannot remember whether it was from Mr Rees or whether it was from Cyber Security NSW—but some 30,000 customers of Service NSW whose data had been compromised or potentially compromised were not able to be contacted by Service NSW. I just wanted you to address that because it seemed to me quite odd that Service NSW would actually have data of citizens but that that data somehow would not extend to contact details that would enable them to be readily contacted. So can you talk us through whether those 30,000 customers have now managed to be contacted? If not, what has been the impediment?

**Ms HOGAN:** So in the spirit of the last answer I gave, Cyber Security NSW would not have any role other than guidance, advice, reporting and playing a role in governance perhaps of an incident like that regardless of where the agency lay. It does so happen that Service does lie in the Department of Customer Service as well. So I will ask Mr Rees to respond to that specific question because it relates directly to his own incident that was managed with Cyber support but was managed primarily by Service NSW itself.

**Mr REES:** Thank you, Ms Hogan. Mr Searle, thanks for the question. I think there are two key themes that are probably relevant here. The first is the nature of the information breach in Service NSW. The information that was extracted from Service NSW was from our email accounts. It was not from a core system of ours. That meant the information that was extracted was highly unstructured in its nature. It could be content within an email, it could be a scan of a handwritten document, it could be a scan of a receipt. The unstructured nature of that meant

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that the level of information that was able to be extracted and our ability to correlate that information and recognise that the information that looks like it relates to someone called Damon Rees in this email account and the information that looks like it relates to Damon Rees in that email account are actually the same Damon Rees. That unstructured nature plays a heavy role in the quality of the data that we have available. If it had been a breach of one of our core systems, like a customer relationship management system where you do have those types of details in a structured, reliable fashion, that would be very different. But for us the nature was very unstructured.

The second factor then, of course, is the approach that we took to notification and the guidance around that, which ultimately resulted in a notification process that saw customers mailed via post to advise them of their impact and very clear guidance not to attempt to contact customers via other means such as email or phone calls for the risk that it creates not just to the impact of customers but to the broader populace if we used those as a channel for notification. I think they are the two key elements. Of the 103,000 people that we identified had some level of data impacted in those mailboxes, we were ultimately successfully able to send letters to 63½ thousand of them. We did that through a number of rounds. The initial notification round was via secure registered mail, where customers needed to sign for their notification. That was designed to minimise, again, the risk of criminals attempting to impersonate Service NSW in that notification process. It also effectively meant that a customer was signing for their own notification. Therefore, we were able to provide a greater level of more personalised advice there.

We did have a number of those registered mails returned back to us and a number indicated that the address that we had attempted to mail that customer at was not valid. We did a second round of data-matching with Transport for NSW and attempted to recontact those customers where that letter had been returned to us. We then did a final round for about the 18½ thousand, I think it was, customers that still had not successfully received those letters. We did a non-registered version the second time round to maximise the possible level of customers receiving those mails. We were not able to personalise those final round mails in the same way. But if you put all that together, 63½ thousand customers were ultimately successfully notified out of the 103,000.

**The Hon. ADAM SEARLE:** So that is still a lot of people who were not able to be contacted. And that is one of the themes that came through the inquiry: concerns about notification. Ms Hogan, can you talk us through how the mandatory data breach notification scheme will work? What are the requirements on agencies and what are the requirements specifically for those agencies to tell their customers where there have been these breaches?

**Ms HOGAN:** I do not have that detail to hand, Mr Searle. I will have to take it on notice.

**The Hon. ADAM SEARLE:** Thank you. The inquiry also recommended the development of a cybersecurity skills framework for, presumably, Cyber Security NSW to deliver to the workforce across the public sector. Can you tell us where the development of that is up to or if it is being developed?

**Ms HOGAN:** I would have to take that on notice also.

**The Hon. ADAM SEARLE:** Okay. The committee also recommended a review of the cybersecurity policy to make it much clearer to agencies what the standards and benchmarks they are supposed to comply with are to be. Again, I am happy for you to take that on notice, if you are not able to respond.

**Ms HOGAN:** I can say that the cybersecurity policy was scheduled for review anyway, I believe. So I think that is occurring. But I will take the details again on notice.

**The Hon. ADAM SEARLE:** That is fine. In relation to developing the most appropriate model for cybersecurity standards both for State government agencies and cybersecurity businesses within New South Wales, the upper House inquiry also recommended that you—presumably Cyber Security NSW—work with industry to develop those models. Are you able to indicate whether Cyber Security NSW is currently undertaking that work and whether they are consulting the cybersecurity industry?

**Ms HOGAN:** We consult the cybersecurity industry regularly, not just on matters for government but various intelligence that we see for all businesses and we pass that on as appropriate. I think that is a regular part of the work that we do.

**The Hon. ADAM SEARLE:** That is good to know. In relation to the upper House report more generally, I think the Government gets six months to respond. It was tabled in March, so I guess that would be September. Are you able to give us an indication, at least broadly, whether the Government—presumably through your agency—would be largely accepting the recommendations or whether you might have a different way of responding to them?

**Ms HOGAN:** My understanding is the Government are considering the response. I do not think the outcome of it is too far away, but I think that is for the Government to respond to, Mr Searle.

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**The Hon. ADAM SEARLE:** That is okay. I think those are the questions for me on cybersecurity. Mr Graham, are you ready to proceed?

**The Hon. JOHN GRAHAM:** I just wanted to turn to another of Service NSW's activities, so this question is for either Ms Hogan or Mr Rees. At the moment one of the services of Service NSW is in relation to tolls paid by people with a tag. If they connect their registration via the Service NSW website, it indicates the tolls they have paid in the last financial year and gives them an indication about tolls they have paid in this financial year and whether they are eligible or will soon be eligible for toll relief. I was interested to know how long those arrangements have been in place and just a bit about the nature of those arrangements to get access to that tolling data, as it comes back into government, to provide that service to citizens.

**Mr REES:** I am happy to address those questions in the first instance if that is okay, Mr Graham, and then Ms Hogan may have something to add. You asked a few questions there. The program was established in the 2018-19 financial year so effectively we are on our third to fourth year of that program. The program is ultimately owned by Transport for NSW as the policy owner. One of the things we do need to do to deliver that program is to effectively ingest the toll information from the various toll providers so that we can perform the calculations and determine whether somebody is eligible for free or discounted registration. To the best of my knowledge the data that is collected there is used only for the purpose of supporting those calculations and that program. I do not believe it is used for any other purpose.

**The Hon. JOHN GRAHAM:** Which agencies have access to that tolling information?

**Mr REES:** I will double-check, but my expectation would be it would only be accessed by Service NSW for the purpose of delivering on that program. But I am happy to take it on notice and double-check that.

**The Hon. JOHN GRAHAM:** Thank you. Regarding those arrangements with toll providers, how many arrangements and how many contracts do you have in place with those toll providers?

**Mr REES:** There has been some movement since the start of the program, I think, through consolidation of various retailers. I would need to confirm the current number.

**The Hon. JOHN GRAHAM:** Great. If you could confirm both who the arrangements are with and the nature of the arrangements, that would be helpful. Are there any constraints on the use of that information from a New South Wales Government point of view in those contracts? You have indicated what the information is used for, but are there constraints in place?

**Mr REES:** I would expect there would be. Those contracts were originally put in place three to four years ago now so I would need to take on notice the specifics of those constraints.

**The Hon. JOHN GRAHAM:** It is relatively continuous disclosure of the tolling data, is it not? That information is flowing in real time, really—

**Mr REES:** I do not believe it is quite real time, but it does flow in on a regular basis to enable those calculations to be performed accurately as part of delivering that service.

**The Hon. JOHN GRAHAM:** Can you tell us, then, on the basis of that information, how many toll tags have paid at least one toll on Sydney toll roads in the last financial year?

**Mr REES:** I do not have that information. I would need to take that on notice.

**The Hon. JOHN GRAHAM:** Yes, if you could take that on notice for the last couple of financial years, that would be helpful. Perhaps you might need to take this one on notice, then, as well: Could you tell us the value of the tag with the highest toll burden in the last financial year?

**Mr REES:** I would need to take that on notice.

**The Hon. JOHN GRAHAM:** Thank you. You have indicated the uses of the information. Is the data used to make policy decisions to drive government decisions around tolling?

**Mr REES:** Any policy decisions in that space would not sit with Service NSW; they would sit with Transport for NSW. I can certainly say that Service NSW does not use that information in that way. I would have to take on notice whether that information is supplied to any other agencies in order to support policymaking.

**The Hon. JOHN GRAHAM:** Is there any additional information supplied to Government in a summary form—maybe it is de-identified in this case—that might be used for that policymaking, or is this the key flow of information about toll burdens?

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**Mr REES:** I think that question would be best directed to Transport for NSW. The information that we receive is the transaction-level information, specifically to enable us to determine eligibility for those registration discounts.

**The Hon. JOHN GRAHAM:** Following the estimates in March a range of questions on notice were asked and the agency provided information in relation to a range of those. I will indicate specifically which ones I am requesting, but can I ask that you update, on notice, the information you provided in that instance for the relevant time period? That was a set of requests about toll relief data and it was questions on notice Nos 623 to 632. The agency indicated some of them were really a matter for Transport, but Customer Service provided a range of those on notice. If you could update those, it would be helpful.

**Mr REES:** Of course.

**The Hon. JOHN GRAHAM:** On that note, I might hand back to my colleague.

**Ms HOGAN:** Madam Chair, Ms Webb does have responses from earlier in the session, if you would like them now or towards the end.

**The CHAIR:** Thank you, Ms Hogan. That would be very useful, actually, Ms Webb.

**Ms WEBB:** In relation to the negotiations which I mentioned, DPC and Treasury would be involved in those. I am also advised that Communities and Justice and Regional NSW will participate. I can confirm that we do not have a date yet for the start of the discussions and the negotiations but the expectation is sometime in September. I can confirm my previous answer about the issues about gaming revenue will be much a part of the negotiations, and modelling impacts on revenue will be a real consideration as part of the design of the arrangements.

In relation to the forfeiture of machines, if the forfeiture is via a trading scheme then the forfeiture rules would apply, but again that is part of the negotiation—whether it is part of the current scheme or whether some new arrangement is put in place. But if it was part of the current scheme, it would depend on whether it is leasing or purchasing arrangements that are put in place—whether Star purchases from other entities or whether it leases the machines—and the mix of leasing and purchasing will also be part of the design considerations. I think my short answer to that is that it is all up for grabs as to how exactly that reduction in entitlements would work. Legislative change might be needed, depending on the design of the scheme. For example, a hotel can only currently sell or lease a gaming machine to another hotel. If a hotel wanted to sell or lease to Star, we might need some legislative change to do that.

The financial contribution from The Star will be very much a part of the negotiation, so I cannot comment on anything in that yet. The issue of staff or permanent positions at The Star has not been part of the considerations to date but would be part of the negotiation. I think I have confirmed that harm minimisation is a clear part of it. We have not undertaken any consultation, as I have mentioned, and the timing of that consultation will depend on the negotiations with Star and the details of the scheme. The letter from The Star that I mentioned, which was sent in May, was addressed to Minister Dominello.

**The CHAIR:** Thank you, Ms Webb. Back to the Opposition.

**The Hon. JOHN GRAHAM:** I might just ask a couple of questions to clarify that and then hand to my colleague. You have outlined a range of agencies that will be involved in that negotiation. Who is the lead agency for that negotiation?

**Ms WEBB:** It will be the Department of Customer Service.

**The Hon. JOHN GRAHAM:** In relation to the forfeiture question, I understand the view you have put. It may be that it is not within the existing framework; it may be some other framework struck, in which case there may not be forfeiture. Within the existing scheme, if the machines are purchased there will be forfeit and if they are leased there will not be. Is that correct?

**Ms WEBB:** That is the current scheme. I think, just to your previous assumption that there might not be forfeiture, there also might be more forfeiture. I just want to make sure it is clear that it is completely up for grabs—

**The Hon. JOHN GRAHAM:** Yes, and to be—

**Ms WEBB:** —as to how it would work.

**The Hon. JOHN GRAHAM:** Yes, understood. But despite the fact that the leaks from the Government—the public reporting suggested that 500 machines would be forfeited. In fact, as negotiations are yet to commence, as you say it is all up for grabs. That may or may not end up being the position.

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**Ms WEBB:** That is right. I understand that is part of the design considerations.

**The Hon. JOHN GRAHAM:** Thank you for the other clarifications. That is all helpful. As we saw, with the company value up more than \$200 million at one point, this is market-sensitive information. The Government initially leaked some of this to the paper—some source in government did. The Government, as I understand it, has not confirmed publicly that these negotiations have been scheduled since that Cabinet meeting until you helpfully did so this morning in relation to a direct question about it. Why has the Government not confirmed publicly, given this is market sensitive, that these negotiations have commenced? Can you shed any light on that question?

**Ms WEBB:** I think I would just like to clarify that I thought I had just said the negotiations have not commenced.

**The Hon. JOHN GRAHAM:** I forget your words from this morning. Negotiations have not yet commenced but the formal negotiation process has been initiated—that is, we are selecting who will negotiate; we are inviting an offer.

**Ms WEBB:** I did not mention anything about—

**The Hon. JOHN GRAHAM:** Why has the Government not made that clear?

**Ms WEBB:** I do not think I mentioned about inviting an offer so I do not want to confirm [disorder].

**The Hon. JOHN GRAHAM:** Sure. Understood.

**Ms WEBB:** I do not think we have done that. I cannot answer that question. I will have to take it on notice because you are asking me about the Government's position.

**The Hon. ADAM SEARLE:** I think this was a question that Mr David Shoebridge broached in relation to extending the presumptions in the Workers Compensation Act 1987 to cover workers who suffer adverse reactions from being directed to undertake a COVID vaccine by their employer. I commence my question by saying at the outset that I am unashamedly pro-vaccination—quite extremely so—so I do not have any time for vaccine resistance or avoidance. But, for example, where workers are being directed as a condition of their employment to be vaccinated, and where many workers have insecure work—they are casuals, they only work from shift to shift—if they get ill and they cannot work, they cannot earn and they cannot provide for their families. Leaving aside their own personal preferences, their potentially being unwell for work is a barrier, potentially, to up to one-quarter of our workforce getting vaccinated. In relation to the incidences of people having adverse vaccine reactions, has SIRA actually obtained information from Health about how widespread that phenomenon is and, therefore, if that presumption were legislatively extended to all workers who were directed by their employers to get vaccinated, what the potential impact on the scheme could be?

**Mr DENT:** [Inaudible].

**The Hon. ADAM SEARLE:** I cannot hear you, Mr Dent.

**Mr DENT:** [Inaudible].

**The Hon. ADAM SEARLE:** I think Mr Dent is still turned off.

**Mr DENT:** [Inaudible].

**The CHAIR:** We still cannot hear you, unfortunately.

**Mr DENT:** [Inaudible].

**The CHAIR:** No.

**Ms HOGAN:** We cannot hear you, Mr Dent.

**The Hon. ADAM SEARLE:** Can you hear me? Mr Dent can hear me but we cannot hear Mr Dent.

**Ms HOGAN:** No. I know Mr Dent also has answers to Mr Shoebridge's earlier questions as well, Madam Chair, so I am not sure if you would like him to report them on notice rather than—

**The Hon. ADAM SEARLE:** That would be very useful, Madam Chair, assuming we can get Mr Dent online.

**Mr DENT:** Apologies. Is that any better?

**The CHAIR:** There we go.

**The Hon. ADAM SEARLE:** Excellent!

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**Mr DENT:** Apparently that thing has just given up the ghost. It said I was not on mute. I am very sorry, Mr Searle. I got a bit confused by the microphone going all wrong there: The question was around whether we have health advice on the prevalence of the issue.

**The Hon. ADAM SEARLE:** Yes. For you to advise on the potential impact on the scheme finances you have to know what is the likely phenomenon, and there must be health advice. We are hearing, for example, with AstraZeneca that adverse reactions are, like, one in a million. That is a pretty low incidence.

**Mr DENT:** That is correct. The adverse reactions are quite low. What we have asked our actuaries to do is look at the data not just from New South Wales, obviously, but also more globally. There are limitations given how new vaccinations are [audio malfunction] sort of set of data, so there is a lot of assumption going into it. We have asked the actuaries for updated advice. That has not been received as yet. We are working on understanding what the longer-term impact would be of those types of claims.

But to the point we started with, it might be worth just clarifying—I did see Mr Shoebridge say there were 759 COVID-19 related claims since the commencement of the pandemic, of which about 175 are classified as "other", which include notifications relating to potential vaccine-related claims. Of those—the Treasury Managed Fund [TMF]-related ones—a number were police. They are only notifications in relation to some reaction to the vaccine, so 175 out of 759 claims sit in that category. At the moment we have asked for advice given all of the prevalence and the type—it might also be the nature of the injury, if you will. The AstraZeneca data you referred to, talking about a severe reaction potentially including death, is one in a million. We need to understand the parameters of what type of injury would be considered for a workers compensation claim. We have asked for that advice. It is not complete as yet, but it is certainly a consideration we are looking at in terms of the overall sustainability of the scheme.

In the meantime, though, just in relation to your comment on hesitancy, SIRA is preparing guidance for insurers on how to manage claims that do arise from vaccination. Those claims are arising and are being considered by insurers at present, so the lack of a presumption is not stopping those claims from being made. I did mention before that if there is a causal link with employment and the employment is a substantial contributing factor, that would be considered. Where a vaccine is mandated by either the employer or a public health order, it is more likely that that connection is going to be able to be established and then the insurers will consider that on a case-by-case basis. We are obviously, from our point of view, encouraging people who think a vaccine-related injury might be related to work to make that claim for it to be assessed.

**The Hon. ADAM SEARLE:** Okay. But it does seem to me a fairly sensible measure to take to give additional comfort for workers and also to remove any economic negative from potentially being vaccinated. That would all be to the public good. What is the time horizon for getting that actuarial advice?

**Mr DENT:** I understand it is imminent, but given the parameters being so unclear the overall value of that advice is something we are not quite certain about yet. However, we are looking into it and we will be providing advice to Government in the next week or so for them to consider if they would like to take some form of action in that—

**The Hon. ADAM SEARLE:** Could you also inform the Committee of the result of that information that you have gathered?

**Mr DENT:** I am certainly happy to take on notice if anything substantive comes out of that information, yes.

**The Hon. ADAM SEARLE:** Thank you. What I am interested in is the potential impact on the scheme finances should every worker be covered by the presumption for getting a vaccine.

**Mr DENT:** Certainly, and we are certainly very interested in that precise answer too. The challenge is how precise that answer can be at present.

**The Hon. ADAM SEARLE:** Yes, but within the limits of the information you gather I would like to understand what you have got.

**Mr DENT:** Yes.

**The Hon. ADAM SEARLE:** In relation to the McDougall review, I see there was a release from your Minister and the Treasurer yesterday basically saying the Government is going to implement all of those review recommendations. One of the recommendations, number 45, was to extend SIRA's investigative powers in relation to icare to the extent necessary. I think Mr McDougall found that SIRA had power over workers compensation insurers generally but its powers in relation to icare specifically were unclear. Has that proved to be a practical problem in your experience, in terms of getting icare to do what it should be doing?



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**Mr DENT:** Respectfully, Mr Searle, I have had 7½ weeks to make that judgement. But I think my predecessor made clear in her submissions to the McDougall review that there had been a range of gaps in our powers as it related to icare and the Nominal Insurer in particular. Those were provided in our advice to Mr McDougall and he accepted—as has the Government now, in accepting those recommendations—that there were gaps in SIRA's powers. I think that is now a matter of fact, if you will. We welcome that the Government has decided to accept that recommendation and look into what powers SIRA now needs to enable us to take our role fully with icare and the Nominal Insurer. I think it is fair to say that while I have not been here long, having read what I have read and seen what I have seen through the parliamentary inquiries and the like, those gaps were evident.

**The Hon. ADAM SEARLE:** In relation to that, and moving to a very specific example, at budget estimates earlier this year it was revealed that of the 23,000 injured workers who had been underpaid by icare, only 24 of those 23,000 had been properly paid. I think it was the evidence of Ms Donnelly that SIRA and icare still had not worked out an agreed methodology. Can you tell us whether a methodology has now been agreed to and what the estimated time horizon is to repay those 23,000 underpaid injured workers?

**Mr DENT:** I can answer that question in part. The remediation of pre-injury average weekly earnings program that Ms Donnelly would have referred to at that point in time has obviously progressed substantially. Icare has reported at this point in time—or at the point my data was up to date, at 13 August—that 321 underpayments have been estimated with a value of \$3.4 million, and at this stage 98 of those have been remediated to a sum of \$938,021 by icare. At this stage the methodology has been determined and is currently being used by icare. The process of remediation is ongoing.

**The Hon. ADAM SEARLE:** So you do not have an estimation as to when the full 23,000 cases will be reviewed and resolved?

**Mr DENT:** I am looking for—

**The Hon. ADAM SEARLE:** Are you expecting it to be a year or two years?

**Mr DENT:** I am certainly expecting it to be sooner than that.

**The Hon. ADAM SEARLE:** Good.

**Mr DENT:** From my point of view, a day longer than it needs to be is obviously too long. We are working with icare to make sure that process is expedited as best as possible. My understanding is that now that the majority of letters have gone out to those potentially eligible workers, the information is now coming in to be assessed for each of those claims. I understand the process is underway but at this stage there is still a significant way to go. I am just looking, sorry, and I cannot see in the notes I have in front of me whether icare have committed to a particular date at this point in time.

**The Hon. ADAM SEARLE:** I am happy for you to take that on notice and come back to us.

**Mr DENT:** I will take it on notice. I am happy to provide that to you.

**The Hon. ADAM SEARLE:** Ms Donnelly said at estimates that the situation was concerning, that it was unsatisfactory and that it did not meet community standards. What steps has SIRA taken to make sure that there are not repeated incidences of this—let's face it—wage theft?

**Mr DENT:** First of all, certainly I agree with Ms Donnelly that it is quite concerning. One underpaid worker is one underpaid worker too many from the point of view of SIRA. Through this process we are asking icare to provide regular updates. I have chaired a steering committee at which icare has provided those updates as it progresses through the remediation program. We have also continued to work with icare, through that steering committee, to look at the Deloitte commissioned report on the methodology that is being rolled out to make sure it is, in our view, fair, timely and appropriate. We will then, through that group—particularly as it relates to the methodology and its execution—monitor the rollout. We are keeping an eye, to the extent we have powers to do so, on whether that is occurring.

Part of that process was for the steering committee, through that Deloitte commissioned report by icare, to look at how it could be remediated so there were no future issues—sorry, I am stumbling on my words there, but there was a date up to which the problem was originally believed to have occurred. We have asked icare and icare is looking at making sure that the calculations from that date have also not led to any further problems. SIRA continues to monitor, essentially, the remediation program and monitor that the methodology being used by insurers is accurate and appropriate.

**The Hon. ADAM SEARLE:** Okay, that is useful to know. In budget estimates in March 2020, your predecessor Ms Donnelly confirmed that she had required icare to undertake a review of the Treasury Managed

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Fund and that SIRA was commencing an audit of the self-insurers and specialist insurers. This was in relation to the fact that in only 10 per cent of cases was the TMF getting things right and there was a 30 per cent incidence, I think, of underpayment to injured workers. Fast-forward a year later: In March of this year at estimates I think Ms Donnelly indicated that notwithstanding the lapsing of 12 months, she was still finalising the terms of reference to undertake a compliance and performance review of the TMF. Can you update us as to where these matters, including SIRA's own inquiries, are up to?

**Mr DENT:** Certainly. On the pre-injury average weekly earnings miscalculation issue, icare has commenced its remediation of TMF-related claims as part of the process. The first round was through the Nominal Insurer; the second round was then through TMF claims. By next week I expect to see the final terms of reference for SIRA's compliance and performance audit of the TMF that Ms Donnelly would have referred to. I intend to have signed that off by next week so that that can commence in earnest in September.

**The Hon. ADAM SEARLE:** Given that these matters were flagged with clarity in March 2020, how has it taken 18 months or more to actually get these various reviews underway?

**Mr DENT:** I cannot answer that with any certainty, obviously. Given that I am 7½ weeks into the role I cannot speak for my predecessor. What I would say is that throughout that course of time this particular audit of the TMF has not commenced, but that does not mean SIRA has not continued to monitor the performance of the TMF and its return to work, for example, through icare.

**The Hon. ADAM SEARLE:** If you could take on notice and provide us at least an institutional response to the delay—

**Mr DENT:** I am happy to do that.

**The Hon. ADAM SEARLE:** —notwithstanding the moving on of the chief executive. I find it very concerning, given the nature of the problem that was clearly identified in budget estimates in March 2020, that here we are well into the second half of 2021 and things have not really commenced. It is a concern to me, at least.

**Mr DENT:** I will certainly take that on notice and come back with an answer.

**The Hon. ADAM SEARLE:** Returning to the McDougall review and the indication that the Government will seek to legislate, the indication in the Minister's press release is that SIRA will be carrying out further consultation on four particular matters flagged by the McDougall review, with the threshold test for entitlements, entitlement to medical treatment and access to lump sums among them. In relation to the entitlement to medical treatment there is this discussion, which is at page 273 of McDougall's report, which really goes to the threshold for medical benefits. At the moment the test is what is "reasonably necessary" and that has been in the legislation in various forms since the late 1920s, I think. It is a fairly imprecise formulation but it seems to admit of a reasonable spectrum of possibilities, given that on a given fact situation even medical professionals will vary in their diagnoses and in their recommended treatments. It seems to have been a sensible approach.

But the move, as is mooted, to a double test of having treatment which is both reasonable but then separately assessed as also being necessary—"necessary" in that context takes on a certain objective quality, and the Australian Medical Association [AMA] and even icare itself have said that it would represent a raising of the bar before injured workers can access treatment. Given that all of the stakeholders were consulted in the McDougall review process—I see there responses from unions, injured workers' representatives and even the AMA, as well as icare's own view—what more do you hope to learn through further consultation? Does the Government just already have a predetermined view about making this change to make it harder for injured workers to get medical treatment?

**Mr DENT:** Certainly I cannot answer whether the Government has a predetermined view, but in terms of the advice SIRA would provide we are very much open to exploring whether there would be any potential negative impact on access to entitlements for injured workers. From our point of view, obviously there is a scheme sustainability element but there is also the need for an injured worker to get the right and appropriate support should they be injured. We would want to understand through the consultation whether there was any likelihood that an injured worker would suffer a reduction in benefits and, of course, whether there was any advantage to the scheme with that. Both sides of that equation would need to be considered.

As part of the overall addressing of those four recommendations we would be looking for whether one test or another was more appropriate, or whether there were potentially alternative options for thresholds. I acknowledge that there are certainly views that that second test of "reasonable and necessary" is preferred by some stakeholders. We just need to be sure that the overall picture of ensuring the perspectives of both injured workers and insurers is well considered before we provide that advice to Government.

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**The Hon. ADAM SEARLE:** Fair enough. Just on the issue of scheme sustainability, in budget estimates I think earlier this year the issue of medical bills in New South Wales being significantly higher than anywhere else in Australia was canvassed. I think the Minister indicated he would get a report from SIRA on the issue of soaring medical costs in the New South Wales scheme compared to the rest of Australia. What has SIRA done in terms of preparing that report?

**Mr DENT:** As I understand it, SIRA completed the initial healthcare review throughout 2019-20. That report was published publicly in December 2020. Since that time we have now published our value-based *Health Outcomes Framework*, which provides our pathway for monitoring and reporting on healthcare outcomes and the costs in that scheme—increasing the transparency around that. We have subsequently consulted on and have proposed changes to surgical and medical practitioner fee orders. We have started publishing a quarterly dashboard now on healthcare costs and outcomes, again focusing on transparency. We have updated workers compensation guidelines for the approval of allied health practitioners to strengthen those approval requirements.

We are in the process of a series of workshops with insurers and the medical profession on payments and are having roundtables around a transition to a value-based healthcare framework. What is worth noting is the degree of increase in medical costs over the course of 2021 has not obviously matched the more astronomical increases over previous years, but there is a reasonable chance that that is because of COVID-19-related delays in access to things like surgery and the like. The consultation at the moment is ongoing with surgeons in particular, but we expect that we will be able to come to further conclusions on that in the near future. But work is underway, given that report is now complete.

**The Hon. ADAM SEARLE:** All right. The independent review conducted by Janet Dore—which I think was commissioned by SIRA and which also fed into the McDougall review—found, for example, that there were a number of problems impacting return to work rates, including the lack of qualified or experienced general practitioners and medical practitioners generally, particularly in country or regional settings in New South Wales. What has SIRA done to address that situation?

**Mr DENT:** I do not know that I have that in front of me, Mr Searle. I would have to take that on notice and come back to you on that specific point.

**The Hon. ADAM SEARLE:** Broadly one of the issues that the Dore review found was that a lot of scheme deterioration, particularly the deterioration of the Nominal Insurer, was around claims management and also around return to work rates. Interestingly, these were two key features of the PricewaterhouseCoopers report that the Government based its fairly drastic 2011 workers compensation changes on. It seems to be that despite the very significant legislative change, these two persistent problems remain unaddressed. What are your plans now as the head of SIRA to tackle those two key problems, which are driving scheme deterioration and which are totally out of the hands of injured workers, who are paying the price for this?

**Mr DENT:** Certainly the report by Janet Dore led ultimately to the report by Mr McDougall, which is now the current primary report that we are operating from in terms of the recommendations. From our point of view the claims management experience needs to improve. Icare has its Nominal Insurer improvement plan in particular that relates to claims management and its claims management model—which is a large part, I think McDougall found, in terms of the deterioration since 2018 of the performance of return to work. We are single-mindedly committed to monitoring the performance of that improvement plan and seeing that icare does implement the changes required.

I acknowledge that those changes are complex and will take some time. Our work will be to set expectations with icare and make sure that there is no further deterioration to any extent possible while those improvements are being made. They are, as you say, the two most significant drivers and the two things that are of greatest concern to us. Our expectations are being set. We will have a plan over the course of this year and next where icare will understand precisely what we are looking for. It will be about the delivery of those plans they have committed to post-McDougall. Their improvement plans set a pathway to address both return to work and claims management and we will be making sure that they meet the milestones and the commitments they have made throughout that process. Meanwhile, at any another opportunity where we can drive programs or projects to improve return to work we will undertake those.

**The Hon. ADAM SEARLE:** I might return to some of that if I may, but I have got one particular issue which I think may be for Ms Hogan to either take on or delegate as she sees fit. It relates to the permits that workers need to access to be able to work outside those 12 LGAs of concern, where there are the extra restrictions over and above the standard COVID restrictions. There is significant feedback from culturally and linguistically diverse [CALD] communities about the difficulties they are experiencing in navigating their way through the system to actually access those permits to enable them to perform the work they have to in order to support their

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families. Can you tell us about how Service NSW is tackling the difficulties that those workers and communities are experiencing where their command of English is not great and where there are these linguistic barriers?

**Ms HOGAN:** Sure. I will defer that question to Mr Rees, if that is okay. They are issuing those permits.

**Mr REES:** Thanks, Ms Hogan. Mr Searle, there are two permits that were introduced and came into effect at 12.01 a.m. Saturday just gone. One was the travel permit, and there are really three reasons that drive needing a travel permit. I think the example you are referring to is specifically for authorised workers within—

**The Hon. ADAM SEARLE:** Yes.

**Mr REES:** —the areas of concern to travel to regional New South Wales. There was also the nominated visitor permit introduced at the same time. We have had 118,000 of the travel permits and 12,000 of the nominated visitor permits issued to date. The overall feedback is that that is a simple experience and I think the volumes are reflecting significant uptake there. There are two things that we will continue to look at to make sure that that is as inclusive as it can be, and to specifically make sure that customers from any of our CALD communities are not disadvantaged. One is that we will soon be able to process and issue those permits for customers through the Service NSW service centre. We can currently guide a customer by phone through applying for that permit themselves but we would like to be able to extend that, particularly for customers who do not have good access to digital services. We will be able to take that application for customers by phone and post them out the associated permit.

The second part of this is working closely with our colleagues in the department more broadly around the communication and the engagement across all COVID-related activities. The nsw.gov.au website is our primary vehicle for communicating to customers around COVID restrictions and the various dimensions that support that. There is a lot of focus through that team around making information available in a range of languages and using a variety of mechanisms to ensure that those messages are getting out to all parts of the community. That is an ongoing priority for us across all of the work that we are doing.

**The Hon. JOHN GRAHAM:** Thanks for that, Mr Rees. Ms Webb, I just wanted to turn to the series of outdoor dining trials that are in place. There are four that have been announced: variously, The Rocks and City of Sydney, initiated by the Government; a New South Wales-wide one; and a Newcastle one, which the Government was encouraged to extend these trials to. Putting the Newcastle one aside, the other three trials conclude on 31 October this year. What happens at the conclusion of those trials? What does that mean for those businesses that have currently got people dining outdoors, particularly as we may well be still in the grip of the pandemic at that moment?

**Ms WEBB:** I am not sure anyone has got anyone dining outdoors right at the moment, but I understand your question that that might be the move. Negotiations are going on about the extension of those trials and indeed the expansion of them, recognising, as I think you are implying, that it might be a useful COVID safety measure to allow more outdoor dining. That is certainly going on.

**The Hon. JOHN GRAHAM:** Could you tell us how many venues have taken up each of those trials—each of The Rocks, the City of Sydney, the New South Wales trial—

**Ms WEBB:** City of Sydney, there were 240 approved outdoor dining activations. I have got a combination figure for The Rocks and Darling Harbour ones [inaudible].

**The Hon. JOHN GRAHAM:** Yes.

**Ms WEBB:** I do not think I have got anything apart from that for other areas. I can tell you that some other councils—sorry, I will just—

**The Hon. JOHN GRAHAM:** I am just conscious of the time. Perhaps on notice could you let us know how many venues have taken it up, including that New South Wales trial, and how many councils have taken up that opportunity for the trial?

**Ms WEBB:** Yes. We have got Randwick, Parramatta, Narrabri—but I will take it all on notice.

**The Hon. JOHN GRAHAM:** Thank you. I will hand to my colleague Mr D'Adam to see if there are any final questions.

**The Hon. ANTHONY D'ADAM:** I will direct one last question to Ms Hogan. Coming back to the question of the \$37 million cut relating to employee expenses, I just wanted to get some clarification. Has the department been issued with a revised budget allocation letter that confirms that that saving will no longer be required to be achieved?

**Ms HOGAN:** Mr D'Adam, I am not sure to which \$37 million you are referring, or if you have got a—

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**The Hon. ANTHONY D'ADAM:** This is for Service NSW—

**Ms HOGAN:** Are you looking at an annual—

**The Hon. ANTHONY D'ADAM:** Service NSW operating expenses: employee-related costs go from \$298 million in the 2020-21 budget down to \$261 million. There is a \$37 million reduction in the allocation for employee-related expenses. Obviously you are putting employees on; you are not cutting employee-related expenses at the moment. Is there an expectation that at the end of this budget year you will have to still meet that \$37 million cut, or has there been some form of communication from Treasury that that saving is no longer required?

**Ms HOGAN:** Right, I see. Mr Rees, do you have any comments you wish to make there?

**Mr REES:** Yes. I think probably the primary area that Mr Searle is referring to relates to the funding that was in place for the additional 1,000 staff to support COVID through the previous financial year. When the budget was established for Service NSW at the commencement of this financial year it was done on a certain set of assumptions at the time. The funding for those additional staff to support customers and communities through COVID was provided for six months rather than the full 12 months, with a view that we would engage with Treasury in a discussion at the six-month mark to see where we stood. Obviously the conditions that we are operating in now are incredibly different from the conditions that were in place when the budget was established. That has seen the introduction of a range of additional measures that have placed further demand on that COVID funding. Certainly we are in active conversations with Treasury, through my colleague Mr Brady and our chief financial officer, around the rate of expenditure of those COVID-related funds. At this point I think it would be reasonable to say that we expect to seek an extension and an increase to that funding available.

**The Hon. ANTHONY D'ADAM:** But that has not occurred? There has been no formal agreement reached with Treasury in relation to the quantum of that—

**Mr REES:** I might defer to my colleague Mr Brady on the specific status of those conversations.

**Ms HOGAN:** I also think, Mr D'Adam, it would be fair to say that we are constantly reviewing—as all agencies are—our funding requirements to support the various COVID initiatives. It would not be unusual for there to be a short gap in what is approved ongoing versus what is approved in the moment. Mr Brady?

**Mr BRADY:** That is absolutely right, Secretary. We are in ongoing discussion with Treasury around the pressures on our business in supporting a range of different initiatives. We are getting some approvals coming through on various specific programs and then there will be some further approvals that will be sought later in the year when Treasury washes up a range of different impacts—not only across our cluster but others—relating to COVID. We expect that we will be extending support for the particular group of staff members that Mr Rees was talking to.

**The CHAIR:** Thank you, Mr Brady. That does conclude the Opposition's time. I just want to check with Government members that they do not wish to ask any questions before we wrap up.

**The Hon. SCOTT FARLOW:** Nothing from me—

**The Hon. SHAYNE MALLARD:** No, I am still—I am sorry, Mr Farlow, I didn't realise. Scott, what would you like to say? I will ask Scott a question.

**The Hon. SCOTT FARLOW:** I was just saying "Nothing from me" but go for your life, Shayne.

**The Hon. SHAYNE MALLARD:** And nothing from me. It is like *The Two Ronnies*.

**The Hon. ADAM SEARLE:** We have got plenty of questions we can fill up the next 15 minutes with, Madam Chair.

**The Hon. SHAYNE MALLARD:** No, that is not the agreement! We can ask questions.

**The CHAIR:** On that basis, I think that concludes the hearing for today. Thank you very much to our witnesses for your attendance today, and I thank members for a very orderly virtual hearing. The Committee secretariat will be in touch in the near future regarding any questions that were taken on notice and not already answered, and also any supplementary questions that may be asked. I remind members that we need to have a short deliberative once the live stream has been turned off. I say farewell to our witnesses. Thank you.

**(The witnesses withdrew.)**

**The Committee proceeded to deliberate.**