

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

**Thursday 2 November 2023**

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

## **FINANCE, DOMESTIC MANUFACTURING AND GOVERNMENT PROCUREMENT, AND NATURAL RESOURCES**

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**The Committee met at 9:15.**

### **MEMBERS**

The Hon. Jeremy Buckingham (Chair)  
The Hon. Robert Borsak (Deputy Chair)  
Ms Abigail Boyd  
Ms Cate Faehrmann  
The Hon. Dr Sarah Kaine  
The Hon. Stephen Lawrence  
The Hon. Bob Nanva  
The Hon. Sarah Mitchell  
The Hon. Chris Rath  
The Hon. Damien Tudehope

### **PRESENT**

**The Hon. Courtney Houssos**, *Minister for Finance, Minister for Domestic Manufacturing and Government Procurement, and Minister for Natural Resources*

## **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, everyone. Welcome to the fourth hearing of the Portfolio Committee No. 1 – Premier and Finance inquiry into budget estimates 2023-24. I begin by acknowledging the Gadigal people of the Eora nation, the traditional custodians of the lands on which we are meeting today. I pay my respects to Elders, past and present, and celebrate the diversity of Aboriginal peoples and their ongoing cultures and connections to the lands and waters of New South Wales. I also acknowledge and pay my respects to any Aboriginal and Torres Strait Islander people joining us today.

My name is Jeremy Buckingham and I am the Chair of the Committee. I welcome Minister Courtney Houssos and accompanying officials to this hearing. Today the Committee will examine the proposed expenditure for the portfolios of Finance, Domestic Manufacturing and Government Procurement, and Natural Resources. I ask everyone in the room to turn their mobile phones to silent. Parliamentary privilege applies to witnesses in relation to the evidence they give today. However, it does not apply to what witnesses say outside of the hearing. I urge witnesses to be careful about making comments to the media or to others after completing their evidence. In addition, the Legislative Council has adopted rules to provide procedural fairness for inquiry participants. I encourage committee members and witnesses to be mindful of these procedures.

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**Ms MANDY YOUNG**, Deputy Secretary, Chief Commissioner of State Revenue, Commissioner of Fines Administration, Revenue NSW, affirmed and examined

**Mr CULLEN SMYTHE**, Executive Director, Technical and Advisory Services, Commissioner of State Revenue, Revenue NSW, sworn and examined

**Mr MICHAEL COUTTS-TROTTER**, Secretary, NSW Treasury, on former oath

**Ms GEORGINA BEATTIE**, Chief Executive Officer, Mining Exploration and Geoscience, Department of Regional NSW, affirmed and examined

**Ms SONYA CAMPBELL**, Deputy Secretary, Commercial, NSW Treasury, on former oath

**The CHAIR:** Today's hearing will be conducted from 9.15 a.m. until 5.30 p.m. We are joined by the Minister for the morning session, from 9.15 a.m. to 1.00 p.m., with a 15-minute break at 11.00 a.m. In the afternoon we will hear from departmental witnesses from 2.00 p.m. to 5.30 p.m., with a 15-minute break at 3.30 p.m. During these sessions there will be questions from Opposition and crossbench members only and then 15 minutes allocated for Government questions at 10.45 a.m., 12.45 p.m. and 5.15 p.m. We will begin with questions from the Opposition.

**The Hon. DAMIEN TUDEHOPE:** Good morning, Minister. Lovely to see you. Did you get an opportunity to watch the Premier's estimates hearing last week on Wednesday?

**The Hon. COURTNEY HOUSSOS:** I saw some parts of that.

**The Hon. DAMIEN TUDEHOPE:** You would recall, would you not, that I asked him some questions in relation to 11 insurance Acts which have been transferred from your responsibility to the Minister for Better Regulation and Fair Trading?

**The Hon. COURTNEY HOUSSOS:** Yes.

**The Hon. DAMIEN TUDEHOPE:** Do you recall his response in relation to that question? He said:

In the end, lawful decisions made by her—

I think "her" is you—

would have been inferred by you—

meaning me—

with a malevolent intent, and as a result of that I made a decision that it would be better to have another member of Parliament, another Minister, responsible for insurance regulation.

Do you recall him saying that?

**The Hon. COURTNEY HOUSSOS:** Sure.

**The Hon. DAMIEN TUDEHOPE:** You do recall him saying that?

**The Hon. COURTNEY HOUSSOS:** Yes.

**The Hon. DAMIEN TUDEHOPE:** Is it your view that questions about how you have managed the conflict of interest arising from your husband's employment with the Insurance Council of Australia have been asked with malevolent intent? Is that your view?

**The Hon. Dr SARAH KAINE:** You are starting with this? Jeez.

**The Hon. STEPHEN LAWRENCE:** Point of order: I'm really struggling to see how the Minister's interpretation of Mr Tudehope's questions could be relevant to the task before us. It just seems to be so out there at the edge in terms of political theatre.

**The CHAIR:** I acknowledge the point of order. There are some key elements to it that I'm mindful of, but wide latitude is given in these inquiries to ask a range of questions across a broad spectrum. At this stage, I will not uphold the point of order.

**The Hon. COURTNEY HOUSSOS:** Sorry, what was your question?

**The Hon. DAMIEN TUDEHOPE:** Is it your view that questions about how you have managed the conflict arising from your husband's employment with the Insurance Council of Australia have been asked with malevolent intent?

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**The Hon. COURTNEY HOUSSOS:** Mr Tudehope, we have covered this issue in great detail in the upper House and, indeed, you asked the Premier questions in relation to this, as you mentioned. Perhaps it might be helpful to say that there is no conflict and there never has been. We had robust plans in place in accordance with the ministerial code, and I am no longer the Minister responsible.

**The Hon. DAMIEN TUDEHOPE:** Do you accept that they weren't being asked with malevolent intent?

**The Hon. COURTNEY HOUSSOS:** I defer to the Premier's judgment.

**The Hon. SARAH MITCHELL:** About how you felt?

**The CHAIR:** Order! The Minister is seeking to answer the question. Let's start with affording the witnesses—and continue with affording the witnesses—the courtesy that the resolution of the House requires.

**The Hon. COURTNEY HOUSSOS:** Let's just focus on the facts, Mr Tudehope. You have asked more than 30 questions on this issue in the parliamentary Chamber.

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

**The Hon. COURTNEY HOUSSOS:** You have asked questions and your side has asked questions of the Premier in relation to this question. You yourself on five separate occasions have said that there is no allegation or wrongdoing and that there is no allegation that you are specifically making, and I am no longer the Minister responsible. So what is your question, Mr Tudehope?

**The Hon. DAMIEN TUDEHOPE:** I ask you this, Minister: Do you accept that Ministers ought to be subject to scrutiny in relation to their compliance with the ministerial code of conduct? That is a simple and straightforward question.

**The Hon. COURTNEY HOUSSOS:** Mr Tudehope, I have been an active participant in these hearings in a number of parliamentary inquiries. I firmly believe in this process. I think that the budget estimates process itself and parliamentary inquiries offer great insights into the way we can solve particularly difficult substantive policy questions. So why don't we turn to substantive policy questions?

**The Hon. DAMIEN TUDEHOPE:** We will do that. I just want you to be clear that there is scrutiny applied to Ministers in respect of their obligations under the ministerial code of conduct. Is that right?

**The Hon. COURTNEY HOUSSOS:** Mr Tudehope, do you have an allegation?

**The Hon. DAMIEN TUDEHOPE:** Just answer my question.

**The Hon. COURTNEY HOUSSOS:** Is there an allegation of wrongdoing?

**The Hon. SARAH MITCHELL:** Point of order: Chair, you just talked about courteous behaviour. The Minister is debating the question that's been put to her. It's a very simple question. Does she agree that Ministers should be subject to scrutiny in terms of compliance under the ministerial code of conduct? It should just be a yes or no answer, you would think, not debating the question.

**The CHAIR:** I won't uphold the point of order. The Minister can answer the question the way she sees fit. She was seeking clarification on what the question was actually pertaining to.

**The Hon. DAMIEN TUDEHOPE:** Do you accept that Ministers should be subject to scrutiny?

**The Hon. COURTNEY HOUSSOS:** Yes.

**The Hon. DAMIEN TUDEHOPE:** On 3 May the Premier did allocate responsibility for insurance related Acts to you, did he not?

**The Hon. COURTNEY HOUSSOS:** Yes.

**The Hon. DAMIEN TUDEHOPE:** Including ministerial responsibility for the State Insurance Regulatory Authority?

**The Hon. COURTNEY HOUSSOS:** Yes.

**The Hon. DAMIEN TUDEHOPE:** Did you have any discussions with the Premier before those Acts were given to you for responsibility?

**The Hon. COURTNEY HOUSSOS:** We have canvassed this in the House, Mr Tudehope.

**The Hon. DAMIEN TUDEHOPE:** What's your answer, Minister? Did you have any discussions with the Premier before he allocated those Acts to your responsibility?

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**The Hon. COURTNEY HOUSSOS:** I don't recall having any conversations with the Premier.

**The Hon. DAMIEN TUDEHOPE:** Did you have reservations about being made responsible for those Acts and being responsible for the regulator of an industry whose peak body employs your husband in a senior role?

**The Hon. COURTNEY HOUSSOS:** Let's just be really clear, Mr Tudehope, about the role of the Minister for SIRA. SIRA is an independent agency. I'm going to be really boring today for the Committee and repeat the answers that I have already provided to you in the House. In the exercise of its regular functions, it is not subject to the daily control and direction of the Minister. The CEO reports to the board. The Minister is able to provide written directions to SIRA, but these must be disclosed in the annual report, and I have not provided any written directions to SIRA since taking office. Insurance companies—

**The Hon. DAMIEN TUDEHOPE:** Point of order: I know that we've had our discussions in relation to this recently, but this was a fairly specific question. Notwithstanding your predilection for saying Ministers can answer questions the way that they wish, and I can't determine how they answer them, it is the fact that the Minister should answer the question. This question was did you have any reservations about being made responsible—

**The Hon. Dr SARAH KAINE:** To the point of order—

**The Hon. DAMIEN TUDEHOPE:** I will just finish my point.

**The CHAIR:** Mr Tudehope, can you conclude your point of order?

**The Hon. DAMIEN TUDEHOPE:** Notwithstanding the wide latitude which you afford to witnesses, what I would ask you to do in relation to answers to questions is that they should in fact be respectful to the extent that they are directed to the question that is being asked.

**The Hon. Dr SARAH KAINE:** With regard to wide latitude, I think we could all agree that all of us in not taking a point of order to the original question were showing forbearance, given how far it is outside of the actual issues we're meant to be describing today, and given the Minister's substantial answers across many weeks in the House. I would ask that you don't allow that point of order.

**The CHAIR:** I won't uphold the point of order. While wide latitude is given in both the asking and answering of questions, it's important that the witnesses are relevant to the question and the answer was—I was listening very carefully—being directly relevant to the question that was asked. Minister, you have the call.

**The Hon. COURTNEY HOUSSOS:** No.

**The Hon. DAMIEN TUDEHOPE:** That would have been the appropriate response, Minister.

**The Hon. COURTNEY HOUSSOS:** I'm glad I'm responding appropriately.

**The Hon. DAMIEN TUDEHOPE:** According to your ministerial diary disclosures, you engaged in only two meetings where the purpose of meeting related to your insurance responsibilities. Both meetings were with Unions NSW. On 23 June 2023 you discussed workers compensation portfolio matters. Do you recall that?

**The Hon. COURTNEY HOUSSOS:** Sorry, did you get to a question?

**The Hon. DAMIEN TUDEHOPE:** Do you recall that?

**The Hon. COURTNEY HOUSSOS:** Sorry, do I recall—

**The Hon. DAMIEN TUDEHOPE:** Do you recall that meeting?

**The Hon. COURTNEY HOUSSOS:** Can you give me that date again?

**The Hon. DAMIEN TUDEHOPE:** It was 23 June 2023. I can give you a copy of it if you want, Minister.

**The Hon. COURTNEY HOUSSOS:** No, I've got it. Yes, I absolutely recall that meeting.

**The Hon. DAMIEN TUDEHOPE:** Good. You had a further meeting on 4 July 2023 where you discussed SIRA portfolio matters.

**The Hon. COURTNEY HOUSSOS:** Yes.

**The Hon. DAMIEN TUDEHOPE:** Following those meetings, did you take any decisions or any action in relation to the concerns raised with you by Unions NSW?

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**The Hon. COURTNEY HOUSSOS:** It might be helpful for the Committee to talk a little bit about what I did do during the four months when I was responsible for SIRA. As I outlined earlier, SIRA is an independent agency, so it doesn't operate under the direct control of—

**The Hon. DAMIEN TUDEHOPE:** Point of order: This is not responsive to the question I asked.

**The CHAIR:** I'll rule on the point of order. I won't uphold the point of order. The Minister was 10 seconds into her answer, and because of that I can't determine whether or not the Minister was being relevant or not. We should afford the witness the courtesy of listening to her answer before taking a point of order. Minister, you have the call.

**The Hon. COURTNEY HOUSSOS:** What I did in the four months that I was responsible was started the work to fix the disaster that your Government created for injured workers. You asked me whether I recall the meeting that I had on 23 June. I absolutely did. I met with injured workers who talked about the unbelievable toll that going through not just the initial workplace injury, but the workers compensation system—the toll that it had taken on them, on their families' lives. When we see the plummeting return to work rates under your Government's failed workers compensation scheme, that was the direct feedback that I took. I absolutely took actions. We started to fix the disaster that you created in the workers compensation system. I worked with the Minister for Work Health and Safety closely, and we began work on how to implement our election commitments in this space.

**The Hon. DAMIEN TUDEHOPE:** What process did you have in place with SIRA for managing the potential conflict of interest arising from your husband's pecuniary interests as a senior employee with the Insurance Council of Australia?

**The Hon. COURTNEY HOUSSOS:** You have asked this question and we have answered this question. When I say "we", I mean the Premier answered this question in great detail in the House. I'd refer you to his answer.

**The Hon. SARAH MITCHELL:** Minister, can you not provide an answer to the Committee now?

**The Hon. COURTNEY HOUSSOS:** I'll refer you to his answer. You asked me earlier—

**The Hon. SARAH MITCHELL:** But you can't speak for yourself? You have to let the Premier do it for you?

**The Hon. Dr SARAH KAINE:** Point of order: The Minister has answered the question—

**The Hon. SARAH MITCHELL:** She hasn't. She's talked to the Premier.

**The Hon. Dr SARAH KAINE:** —not only in here twice now, but in the House numerous times. So I suggest that—

**The Hon. DAMIEN TUDEHOPE:** Is it the case that you can't answer that question?

**The Hon. SARAH MITCHELL:** If there's nothing to hide, just tell us again.

**The CHAIR:** Order! I uphold the point of order. The Minister has answered the question. Mr Tudehope, you have the call.

**The Hon. DAMIEN TUDEHOPE:** I take it a SIRA board meeting held on 25 August 2023 was told that the Government approach on the election commitment to review the Home Building Compensation Fund currently remains under consideration. SIRA has provided the Minister further information on the key risks involving the scheme. In the five months that you were responsible for SIRA, what action did you take in relation to the home building compensation scheme?

**The Hon. COURTNEY HOUSSOS:** We commenced work on implementing our election commitment. That was an election commitment that I was involved in actually crafting as the shadow Minister for Better Regulation and Innovation. In my earlier comments I talked about the important work of parliamentary inquiries. We heard, as a member of the upper House inquiry into the building industry—indeed, the Hon. Robert Borsak was a member of that inquiry as well—

**The Hon. ROBERT BORSAK:** And a good inquiry it was.

**The Hon. COURTNEY HOUSSOS:** It was an excellent inquiry. Thank you, Mr Borsak. That inquiry showed that the rate that was being returned under that insurance scheme was unsustainable, but it also hadn't been increased by your Government in 12 years. Mr Tudehope, we commenced work on this important election commitment.



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**The Hon. DAMIEN TUDEHOPE:** What did that involve? The commencement of work—what did that actually involve?

**The Hon. COURTNEY HOUSSOS:** I met with bureaucrats. We had discussions about how to begin the work. Mr Tudehope, you were the Minister for Finance for almost four years. I'm sure you understand what's involved in commencing work on delivering election commitments.

**The Hon. DAMIEN TUDEHOPE:** That's right. We'll come to that. Minister, you would be aware of the McDougall review, I take it?

**The Hon. COURTNEY HOUSSOS:** I am aware of the McDougall review.

**The Hon. DAMIEN TUDEHOPE:** Good. There is a recommendation in the McDougall review—recommendation 48, and I repeat it for you:

That the legislature give consideration to amending section 20 of the *State Insurance and Care Governance Act 2015* to add a new subsection as follows:

'Before giving a direction under this section, the Minister must—

**The Hon. Dr SARAH KAINED:** Point of order: We seem to be getting specifically into a portfolio area and policy area which is not something within the Minister's purview.

**The Hon. DAMIEN TUDEHOPE:** She had responsibility for this.

**The Hon. Dr SARAH KAINED:** She is no longer the Minister.

**The CHAIR:** I won't uphold the point of order. The Minister did have responsibility in this area.

**The Hon. DAMIEN TUDEHOPE:** Did you do anything in relation to implementing that recommendation?

**The Hon. COURTNEY HOUSSOS:** Sorry, can you read the recommendation?

**The Hon. DAMIEN TUDEHOPE:** Are you aware of the recommendation?

**The Hon. COURTNEY HOUSSOS:** I'm aware of the McDougall report.

**The Hon. DAMIEN TUDEHOPE:** Did you do anything to implement recommendation 48 of the McDougall review?

**The Hon. STEPHEN LAWRENCE:** Point of order: The Minister has asked for recommendation 48 to be read to her. I would have thought it's the basics of courtesy when one is asking a question that one would facilitate a reasonable request.

**The Hon. DAMIEN TUDEHOPE:** I will come back to it.

**The CHAIR:** I uphold the point of order. If you could—

**The Hon. DAMIEN TUDEHOPE:** I will come back to it, if you can review it over the break.

**The CHAIR:** Mr Tudehope, if you're going to refer to a recommendation, for the benefit of the Committee and for the benefit of the witness and Hansard and the inquiry, if you could refer to that, that would be helpful.

**The Hon. DAMIEN TUDEHOPE:** I will give the Minister a copy over the break, and she can refresh her memory. I will just move on. What I say in relation to this, Minister, is that you've had the insurance Acts now removed from your responsibility. So you'd consider that issue now, I suppose, resolved?

**The Hon. COURTNEY HOUSSOS:** No, I don't consider that issue resolved. I handed over my ministerial responsibilities to Minister Chanthivong, who is now undertaking that work.

**The Hon. DAMIEN TUDEHOPE:** But the issue of potential conflict of interest has been resolved?

**The Hon. COURTNEY HOUSSOS:** No, Mr Tudehope. What I'm going to say to you now is that there is no conflict of interest and there never has been. I have upheld my obligations under the ministerial code of conduct at all times.

**The Hon. DAMIEN TUDEHOPE:** I am not suggesting that you have breached your obligation, but I am saying that potentially—

**The Hon. COURTNEY HOUSSOS:** Then what is the point of this line of questioning?

**The Hon. SARAH MITCHELL:** Why did the Premier take it off you if there was no issue?

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**The Hon. BOB NANVA:** Point of order: Chair, even allowing for a significant degree of latitude with this line of questioning, my point of order goes to relevance. This is an inquiry into the estimates of expenditure from the Consolidated Fund and related budget papers.

**The Hon. SARAH MITCHELL:** We always have latitude, Bob. You've been here five minutes.

**The Hon. BOB NANVA:** We've traversed this issue now for 18 minutes. The Minister has adequately answered the questions. If there are specific allegations, there are forums for those to be made, but I would argue this is no longer relevant to the terms of reference of this inquiry.

**The Hon. SARAH MITCHELL:** It's your first estimates. We can use our time as we want.

**The Hon. Dr SARAH KAINE:** Come up with actual questions.

**The CHAIR:** I won't uphold the point of order. I think there is wide latitude given. I do think it does fall within the scope in terms of relevance. The honourable member is free to ask the questions he wants to and use his time as he sees fit. I won't uphold the point of order.

**The Hon. DAMIEN TUDEHOPE:** Minister, could I direct you to *Budget Paper No. 01*, page 4-7? Table 4.4 there—do you see that?

**The Hon. COURTNEY HOUSSOS:** Yes.

**The Hon. DAMIEN TUDEHOPE:** It appears that you're expecting to collect \$6.8 billion in stamp duty on insurance over the next four years. Is that correct?

**The Hon. COURTNEY HOUSSOS:** Yes.

**The Hon. DAMIEN TUDEHOPE:** Are you aware of the Insurance Council of Australia's publication *A stronger NSW*?

**The Hon. COURTNEY HOUSSOS:** No, I'm not.

**The Hon. DAMIEN TUDEHOPE:** You're not aware of it?

**The Hon. COURTNEY HOUSSOS:** No.

**The Hon. DAMIEN TUDEHOPE:** Okay. In that document, it provides on page 5 that stamp duty on insurance "adds nine per cent to the cost of insurance, further undermining the affordability and contributing to underinsurance". Has the Government given any consideration in relation to reducing or abolishing stamp duty on insurance?

**The Hon. COURTNEY HOUSSOS:** Mr Tudehope, we have covered this at length during our discussions in the Parliament. You have asked me more than 30 questions. You have, on five separate occasions, said that there is no allegation of wrongdoing.

**The Hon. SARAH MITCHELL:** Point of order—

**The Hon. COURTNEY HOUSSOS:** Do you have a specific—

**The Hon. SARAH MITCHELL:** The question was very specific in relation to the Government's consideration of reducing or abolishing stamp duty. It had nothing to do with the Minister's potential conflict.

**The Hon. Dr SARAH KAINE:** Ask relevant questions. You might get an answer.

**The Hon. SARAH MITCHELL:** It was a specific question about a Government policy matter.

**The CHAIR:** Yes, it was a specific question, but the Minister was, I think, being generally relevant to that and providing some context at the beginning of her answer, so I don't uphold the point of order. Minister, if you would like to conclude your answer or continue your answer.

**The Hon. COURTNEY HOUSSOS:** I heard the timing bell. I think it's your time—

**The Hon. DAMIEN TUDEHOPE:** You're happy to move away from it, are you, Minister—

**The Hon. BOB NANVA:** Point of order—

**The Hon. STEPHEN LAWRENCE:** Point of order: Time.

**The Hon. DAMIEN TUDEHOPE:** —and not answer the question?

**The CHAIR:** Order! We will move to questions from me. Minister, how much revenue does coalmining royalties contribute to New South Wales revenue?

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**The Hon. COURTNEY HOUSSOS:** That's an excellent question, Mr Buckingham. You would be aware that coalmining revenue, in terms of royalties, is a key part of the State's revenue stream. Royalties as a total, we receive 2.9 per cent of our total revenue; it's \$3.2 billion this year. As you are aware, for the first time since 2009, we have made an increase in coal royalties. They will not come into effect until 1 June next year, which will be when the conclusion of the emergency coal cap measures expire.

**The CHAIR:** Are you aware of Treasury's intergenerational report of 2021-22?

**The Hon. COURTNEY HOUSSOS:** I would say that I am broadly aware of it, Mr Buckingham but I have perhaps not read it in as great detail as the Treasurer.

**The CHAIR:** That's fine.

**The Hon. COURTNEY HOUSSOS:** I understand you asked him some questions about that on Tuesday.

**The CHAIR:** I did ask him some questions about it. An interesting part of that intergenerational report was a forecast from Treasury that extreme weather events and impacts of climate change will lead to natural disasters that will require funding from 2020-21 in terms of recovery of up to \$5.1 billion per annum. Could you reflect on the issue of us generating \$3.2 billion of coal royalties and expending \$5.1 billion on reconstruction from climate events? Aren't coal royalties worth the damage they cause to our community and to the Government's bottom line?

**The Hon. COURTNEY HOUSSOS:** I would say, Mr Buckingham, that I am an absolute supporter of the mining industry in New South Wales. I accept that it's—in fact, I often say that it's—a key part not only of our State's export revenue, the royalties that we've discussed already, but it also provides around 29,000 jobs across New South Wales. I think it's about 180,000 additional jobs through the different supply chains. There is no doubt that mining historically has played a very important role and continues to play a very important role in the State's economy.

**The CHAIR:** And you would like to see that continue into the future, for decades to come—coalmining specifically?

**The Hon. COURTNEY HOUSSOS:** I think, Mr Buckingham, that I would say that coalmining is an important part of our State's economy at the moment. It certainly provides excellent, well-paid jobs, particularly in the Hunter Valley but right across the State. But, in coming decades, we will be seeing coalmines slated for closure, and that's something that I know that we have discussed, you and I, but also more broadly in the House. There is no doubt that there are new opportunities in mining, and I'm really keen to see us unlock the most that we can from those new opportunities.

This week we had the International Mining and Resources Conference here in Sydney. We saw investors from all over the world coming here to look at our critical minerals. In New South Wales we have 17 of the 26 nationally identified critical minerals. We've got great reserves of copper through the Lachlan Fold. We've got other critical minerals that will be crucial for our clean energy future, and I think there's a real understanding that that future is a bright one for the mining industry. Now, what I am really focusing my time on as Minister for Natural Resources—indeed, in this place earlier this week, we held a consultation in relation to critical minerals and redoing the Critical Minerals and High-Tech Metals Strategy.

**The CHAIR:** So you don't see any sort of cognitive dissonance in generating \$3.2 billion worth of royalties from coalmining and in this year's budget spending \$3.2 billion on disaster recovery related to climate change?

**The Hon. COURTNEY HOUSSOS:** Yes, I mean, this Government is absolutely—

**The CHAIR:** Sorry, you do?

**The Hon. COURTNEY HOUSSOS:** No. I would say that—

**The CHAIR:** But you started by saying "yes".

**The Hon. COURTNEY HOUSSOS:** Sorry. Let me be very clear: I don't see a cognitive dissonance between that. What I would say is that this Government—in particular, this year—has spent a significant amount of money on emergency relief measures, particularly across regional New South Wales, in ensuring that people affected by natural disasters receive the support that they need from the Government, whether that's in Lismore and in the Northern Rivers for the flooding that we've seen there, or whether it's continuing to rebuild parts of the South Coast from the bushfires down there.

**The CHAIR:** Are you aware of the estimates of the cost to the economy of those two disasters?

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**The Hon. COURTNEY HOUSSOS:** Mr Buckingham, I'd have to come back to you on that one. I don't have it.

**The CHAIR:** The Lismore disaster is estimated to have been about \$6 billion to \$8 billion for one event, and the Black Summer fires are estimated to be between \$80 billion and \$100 billion. The majority of that cost has been borne by the community, by private residents. Do you think that coalmining is worth it in the context of its impacts on climate change and climate change's impacts on our economy?

**The Hon. COURTNEY HOUSSOS:** I think coalmining is a crucial part of our State's economy and of our electricity network. This Government has clearly outlined—and, indeed, over in the Macquarie Room I'm sure the Minister for Energy is outlining a clear plan for a pathway to net zero. We've introduced some legislation into the Parliament that I know the Minister for Energy is working on. But the reality is that, at the moment, there are 29,000 direct jobs employed in the mining industry—a large proportion of those using our high-quality thermal coal. That, at the moment, remains a significant part of our State's economy and our electricity network.

**The Hon. ROBERT BORSAK:** Minister, funnily enough, I was asked last night by a friend, "What does the finance Minister actually do?"—because it is what the Treasurer does. Do you want to give us a quick explanation?

**The Hon. COURTNEY HOUSSOS:** Mr Borsak, my responsibilities are largely in relation to the revenue stream. You will see that I've got with me today the chief commissioner of fines and also—I'm going to mess up the titles—the deputy secretary and the commissioner. They're excellent public servants who work on the revenue side of the budget. But some of my work as finance Minister has been working closely with the Treasurer in the preparation of our first budget. That work has involved working closely with Treasury. The Treasurer tasked me with leading our comprehensive expenditure review.

**The Hon. ROBERT BORSAK:** That's interesting because that's leading into my next area of questioning. When I go through the budget papers—and the overview document is quite useful to this extent—from 2011, when gross debt was approximately \$20 billion, we saw it graded at just over \$35 billion in 2019 or thereabouts, and then I suppose over COVID and other things it blew out to about \$140 billion with the change of government earlier this year. The projections, based on page 9 of the budget overview document, are \$188.2 billion by June 2026. How would you assess the debt situation that you've copped since coming to government in your first budget?

**The Hon. COURTNEY HOUSSOS:** That's an excellent question, Mr Borsak. We were really clear before the election and we knew, obviously from the publicly available documents, that we were on track for \$188 billion. That was in the pre-election budget update—the figures that were published. What we can now say is that if we had continued on that debt trajectory, we would have been heading upwards of \$200 billion worth of debt for the New South Wales Government by June 2026. That's an extraordinary amount of money to be putting onto future generations and requiring them to pay back. Now, that is exactly what prompted the comprehensive expenditure review that the Treasurer asked me to lead. As a result of that work, and really diligent and prudent fiscal management from the Treasurer and the whole team at Treasury, we were able to take \$15 billion off the gross debt figures this year. We will save, over the next five years, \$2.3 billion in interest repayments as a result of the decisions that we have taken in this very first budget, Mr Borsak.

**The Hon. ROBERT BORSAK:** Can you outline some of the measures that will deal with that reduction in debt?

**The Hon. COURTNEY HOUSSOS:** Yes, absolutely. As part of the comprehensive expenditure review, we identified \$13 billion worth of savings. Roughly half of that was in relation to direct savings measures and about half of that was in terms of budget re-prioritisation measures. We think it's really important, in the first instance, to make sure that the precious government taxpayer funds are being spent on the things that we're elected for it to be spending on—that is, rebuilding public services in New South Wales and certainly confronting the housing crisis that we're facing. But a key element of the work that we are doing is around paying down that debt and getting that onto a sustainable footing.

**The Hon. ROBERT BORSAK:** So how would this improve the forward budget estimates?

**The Hon. COURTNEY HOUSSOS:** We expect that net debt will peak at about 12.6 per cent of gross State product by June 2027 and that it will start to stabilise from that point onwards. We think we have, in this budget, fundamentally changed the debt trajectory that we were on.

**The Hon. ROBERT BORSAK:** Do you foresee a problem with the State's credit rating?

**The Hon. COURTNEY HOUSSOS:** That's an excellent question. In relation to the credit agencies, I met with the credit agencies, along with the Premier and the Treasurer and the Secretary of Treasury. We met

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with them and, indeed, Moody's has reaffirmed our triple-A credit rating, Fitch has reaffirmed our triple-A credit rating and I understand we're waiting with bated breath on the double-A-plus credit rating that was downgraded under the previous Government in December 2020. Perhaps the secretary could provide you with some more detail about the work that we've done in this budget.

**The Hon. ROBERT BORSAK:** When would you expect an upgrading on those trajectories? There's an interesting question for you.

**MICHAEL COUTTS-TROTTER:** We're the only State, along with Western Australia, that still holds triple-As. We've got triple-As from two of the agencies. As the Minister said, we've got double-A-plus from Standard and Poor's, which is one of the best-quality ratings. The ratings outlook from Moody's and Fitch is stable—meaning there are issues to manage. There's a task ahead of the Government, no doubt, but they think that the budget is basically in a stable position and they find the budget projections credible and they show debt being maintained at a sustainable level—sustainable in terms of revenues and sustainable as a share of the State's economy.

**The Hon. ROBERT BORSAK:** I think interest payments, again, based on this budget paper, in 2025-26 are sitting at around \$7 billion per annum. Do you foresee it going up before it comes down again?

**The Hon. COURTNEY HOUSSOS:** The interest repayments are the fastest growing, as the Treasurer probably said on Tuesday. He often says they're the fastest growing part of the budget. That is part of the reason why we took this approach to be far more prudent in the way we are managing the State's finances. It's worth noting, Mr Borsak, that we have taken these sometimes-difficult decisions as part of the comprehensive expenditure review and the budget process. But when you contrast that with what the previous Government did, in the nine months before the election they got \$27 billion worth of funding out the door. We've taken a fundamentally different approach to put us on a different debt trajectory.

**The Hon. ROBERT BORSAK:** It is \$27.7 billion, actually.

**Ms ABIGAIL BOYD:** Good morning to you, Minister. I wanted to ask you about the regional future jobs and investment authorities. It took quite a while to find this in the budget papers. I found it in the "Regional NSW snapshot". It talks there about funding of \$5.2 million. Can you explain a little bit more about how many of those authorities there are and what that money is going towards?

**The Hon. COURTNEY HOUSSOS:** Yes. We made some election commitments in relation to the future jobs and investment authorities. This was that we would have four key local authorities around the State. I mean, the Chair was asking me earlier in relation to some questions about the future of the coal industry, and there's no doubt that given they are slated for closure, we need to be working closely to make sure that we are equipping these regions of the State and working with communities to ensure that, as we shift towards our net zero future, we're not leaving anyone behind.

**Ms ABIGAIL BOYD:** So four authorities for \$5.2 million—so that's \$1.3 million per authority?

**The Hon. COURTNEY HOUSSOS:** No, I just want to be really clear. The reason why I wanted to talk about the election commitment is because that is what we have committed to in terms of working with these local regions. We've got one for the Hunter Valley, one for the Central West, one for the North West and one for the Illawarra. They're our major coal-producing regions. What I have done over the last seven months is I've started to consult directly with those communities about how we are going to build those investment authorities. I went to the Hunter in I think it was August and met with maybe more than 60 stakeholders who—sorry, on 8 August I met there. I have to say I was really impressed with the energy and the enthusiasm in the room, but I think it's really important that before we start to spend money we use our power as government—our convening power—to bring these opportunities together.

**Ms ABIGAIL BOYD:** Minister, I'm glad you mentioned the Hunter because they are so far advanced when it comes to looking at what a transition plan will look like. You are no doubt very familiar with the Hunter Jobs Alliance plan.

**The Hon. COURTNEY HOUSSOS:** Yes, they were at our round table.

**Ms ABIGAIL BOYD:** So what is it that this \$5.2 million is going towards if it's not to set up the transition authorities?

**The Hon. COURTNEY HOUSSOS:** This was actually money that was put aside by the previous Government and, from my initial discussions with, indeed, some Opposition backbenchers, I think they had anticipated that it would be some kind of grant scheme. I don't anticipate—

**Ms ABIGAIL BOYD:** So it's not new money? It's \$5.2 million that the old Government—

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**The Hon. COURTNEY HOUSSOS:** Sorry, no, it's part of a legislated fund that is there that we have reserved for this purpose.

**Ms ABIGAIL BOYD:** I see; it's that.

**The Hon. COURTNEY HOUSSOS:** So we are maintaining this funding and we will provide that, but I want to be really clear: I am not going to be spending this in a—I'm not looking to rush this money out the door. What I want to be doing is partnering with local communities. There is a key piece of work that we need to be doing here in relation to encouraging investment, encouraging private sector investment, and finding opportunities, ensuring that we make sure that the skills are right, and then, before we start spending our precious government taxpayer funds, we will start to look at ways that we can be spending that funding.

**Ms ABIGAIL BOYD:** What is the timing for actually establishing these authorities?

**The Hon. COURTNEY HOUSSOS:** We're working through that at the moment. The previous Government had, late last year, appointed some expert panels and I have met with those on several occasions—or, sorry, I've met with the chairs of those on several occasions—and I'm keen to hear their ideas.

**Ms ABIGAIL BOYD:** The transition authority is needed now. It was needed 10 years ago or 15 years ago. The Greens have certainly been calling for it for that long. For example, the Hunter and the Illawarra are communities that are really well up the curve. What they need from government is to set up these authorities and get things going. From what you're saying, we don't have any time line, we don't have any funding set aside. I understand it was an election commitment, but this is urgent. What are we doing? The \$5.2 million was already set aside. We know that, for example, the Latrobe Valley Authority received \$266 million. If we're going to get this transition right, we need to invest in it now. What assurance can you give me that you're actually taking this seriously?

**The Hon. COURTNEY HOUSSOS:** What I can tell you is I am absolutely taking it seriously. That's why I've been up to the Hunter several times and I've met directly with the communities affected there. We have been in office for seven months and in that time this has been a key thing that I am focused on. But the other point that's worth noting is that the Federal Government has set up its own Net Zero Commission and I've met with the chair and the CEO of that particular organisation. You're right; there are some challenges. But let's put this into perspective. Muswellbrook Coal has closed—the Idemitsu site outside Muswellbrook in the Hunter Valley. The next coalmine that is—

**Ms ABIGAIL BOYD:** Liddell has just closed. This is not just coalmining; this is also coal-fired power stations.

**The Hon. COURTNEY HOUSSOS:** Yes.

**Ms ABIGAIL BOYD:** These people need services now. When I go and speak to people in the Hunter Valley, for instance, in relation to increasing domestic violence that we're seeing and that we've seen around the world when it comes to moving away from one industry into another, they need an authority to set up not just skills and training for workers and communities but also they need a plan for how government is going to plug the gaps when it comes to essential community services. That work is needed now. When will we see legislation setting up these authorities?

**The Hon. COURTNEY HOUSSOS:** Ms Boyd, I'd also make this point: We're not coming from a standing start here; we're actually coming from way behind the eight ball. The crucial part of the piece that we need to do in terms of supporting communities here is in relation to skills. What we've seen, what we've inherited, for example in the Hunter Valley, is—in this same forum I prosecuted the case—the fact that the previous Government was selling off TAFE sites in the Hunter Valley. That just doesn't make sense to me. This is a crucial challenge for government. It is absolutely one that I am focused on, along with working on it collaboratively with my ministerial colleagues. But in relation to getting that \$5.2 million out the door, I am not going to commit to a time line here today because I am absolutely committed to partnering with those communities and doing this properly. We only have one chance to do this. We only have one chance to build and provide not just the government infrastructure but also the community infrastructure, and to encourage and foster that private investment.

Let me just say this: One of the companies that was at our round table was a company called SunDrive. I believe the Prime Minister was out visiting their pilot site in Kurnell. I was out there. I launched our Critical Minerals Strategy consultation process out there; I think it may be a month or so ago now. That is world-leading research that they would like to do on the Liddell site. They have this amazing research that was done here at UNSW to take the silver out of solar panels, the most expensive part of solar panels, and replace it with copper, which New South Wales has plenty of, and actually make the solar panels more efficient.

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**Ms ABIGAIL BOYD:** That's why we need the authorities set up.

**The Hon. COURTNEY HOUSSOS:** Yes. We're getting the work underway, Ms Boyd, but there's a lot of work to do.

**The Hon. DAMIEN TUDEHOPE:** I'll just return, Minister, to the question I was asking you the last time we were talking. The Insurance Council of Australia advocated that stamp duty on insurance adds 9 per cent to the cost of insurance, further undermining the affordability and contributing to underinsurance. I ask you this: Has the Government given any consideration in relation to reducing or abolishing stamp duty on insurance?

**The Hon. COURTNEY HOUSSOS:** I'll have to come back to you on that. Let me check. I'm not aware of considerations at the moment.

**The Hon. DAMIEN TUDEHOPE:** Potentially, I assume, if you were to come back to me, it may also involve you having a conflict of interest in relation to a submission by the Insurance Council of Australia. Do you agree with that?

**The Hon. COURTNEY HOUSSOS:** No.

**The Hon. DAMIEN TUDEHOPE:** You don't agree with that? That is the problem. Minister, on page 12 of the Insurance Council of Australia's *A Stronger NSW* it provides:

The next NSW Government must:

- Remove unfair insurance requirements from government contracts and cease the practice of contracting out of proportionate liability.

Has the Government given any consideration to this recommendation?

**The Hon. COURTNEY HOUSSOS:** Mr Tudehope, let me just say this: I am sure that the Insurance Council will be delighted that you have so closely read their policy documents. I haven't, I will say, but I'd also make this point in relation to the broader allegation that you're making: There is no potential or perceived—

**The Hon. DAMIEN TUDEHOPE:** It's part of your portfolio responsibility, Minister.

**The Hon. BOB NANVA:** Point of order: It would help with the conduct of the hearing if the Minister could be provided a reasonable amount of time to answer the question without interjection, so I just ask that you uphold the procedural fairness rule regarding courtesy.

**The CHAIR:** Yes, it is better if there are not interjections. They are disorderly at all times. If Mr Tudehope wants to get the answer he is after, he'd be best served by not interjecting. The Minister has the call.

**The Hon. COURTNEY HOUSSOS:** Mr Tudehope, I'm going to call this out for what it is. I have not said this before, but this is a baseless, sexist attack. This is a smear on my professional reputation and on my husband's professional reputation because, Mr Tudehope, you yourself have said on five separate occasions that there is no allegation of wrongdoing.

**The Hon. DAMIEN TUDEHOPE:** And I maintain that position, Minister.

**The Hon. COURTNEY HOUSSOS:** You might come from a different time, Mr Tudehope, but in most families today both partners work.

**The Hon. DAMIEN TUDEHOPE:** There is the patronising sexist comment, Minister.

**The Hon. STEPHEN LAWRENCE:** Point of order—

**The CHAIR:** Order!

**The Hon. DAMIEN TUDEHOPE:** Don't patronise me.

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

**The Hon. Dr SARAH KAINED:** He can't let a woman speak.

**The Hon. STEPHEN LAWRENCE:** I wouldn't push on with the point of order except after it was taken Mr Tudehope continued to interject.

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

**The Hon. SARAH MITCHELL:** Your wife was a dentist, wasn't she? She worked the whole time.

**The Hon. DAMIEN TUDEHOPE:** My wife is a dentist.

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**The CHAIR:** I uphold the point of order. It is disorderly to be interjecting and speaking over the top of the witness, so please desist.

**The Hon. COURTNEY HOUSSOS:** Mr Tudehope, in most families both partners work now and many of them have to deal with these kinds of issues. The first step is disclosure, which is exactly what we have done. We have made no secret of our 15-year marriage. We've made no secret of where my husband works. My husband and I took steps, which is the second point, putting in place measures to manage a potential or a perceived conflict. He voluntarily stopped working with the New South Wales Government once I was sworn in as a Minister, Mr Tudehope. You have failed both the reasonable test and the fairness test, and this is just a baseless, sexist attack on working women.

**The Hon. SARAH MITCHELL:** Point of order—

**The Hon. COURTNEY HOUSSOS:** You want me to remove myself from my role because of what my husband does.

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

**The Hon. SARAH MITCHELL:** I want to draw the Minister back to the question. Mr Tudehope asked specifically, again, about a Government policy decision in relation to recommendations that had been made by the Insurance Council. He didn't mention the Minister's husband. He didn't make any allegations in terms of any improper conduct. He is asking a Government policy decision that should be answered by the Minister.

**The Hon. BOB NANVA:** To the point of order: The Legislative Council practice does provide a significant degree of latitude to the Minister to answer the question. Given the significant inferences that are being made within the questions, I think it is entirely appropriate that the Minister address those, which is what she is doing.

**The CHAIR:** I don't uphold the point of order. Wide latitude is given. The Minister was being relevant and providing important context, and context in light of what I acknowledge are the inferences being alluded to by the question. Minister, have you concluded your answer?

**The Hon. COURTNEY HOUSSOS:** I've concluded my answer.

**The Hon. DAMIEN TUDEHOPE:** I'll just finish that particular line. Do you just accept this, Minister—and perhaps this is too difficult for you—

**The Hon. Dr SARAH KAINE:** Point of order—

**The Hon. STEPHEN LAWRENCE:** Point of order—

**The CHAIR:** Order! I don't need to hear the point of order. It would greatly assist the inquiry if those sorts of comments were not made, that all members—

**The Hon. DAMIEN TUDEHOPE:** To the point—

**The CHAIR:** Order! You're interjecting and casting aspersions and not treating the member with courtesy. I would ask you to desist from that, Mr Tudehope.

**The Hon. DAMIEN TUDEHOPE:** To the point of order—

**The CHAIR:** There was no point of order. I was just—

**The Hon. DAMIEN TUDEHOPE:** Well, I'll raise this point of order: The Minister accused me of a sexist and patronising approach in relation to the questions I was asking.

**The Hon. BOB NANVA:** Hear, hear.

**The Hon. Dr SARAH KAINE:** Well it has been evidenced. Staring at me isn't going to scare me, Damien. I know what this thing is.

**The CHAIR:** Order! You were taking a point of order, Mr Tudehope.

**The Hon. DAMIEN TUDEHOPE:** The Minister accused me of a sexist approach in relation to these questions, and I'm just suggesting to the Minister that she does not understand the question.

**The Hon. STEPHEN LAWRENCE:** To the point of order: In fact, what Mr Tudehope said that elicited the original point of order was, "This will be too difficult for you", not what he is now suggesting.

**The Hon. DAMIEN TUDEHOPE:** Because she doesn't understand.

**The Hon. Dr SARAH KAINE:** "She"?



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**The CHAIR:** Order!

**The Hon. COURTNEY HOUSSOS:** I don't need to be mansplained by you.

**The CHAIR:** Order! I don't uphold the point of order. That was the comment that caused me to call the Committee to order, and I again ask Mr Tudehope to—

**The Hon. DAMIEN TUDEHOPE:** She should respect me.

**The Hon. Dr SARAH KAINED:** Not "she".

**The Hon. DAMIEN TUDEHOPE:** You should respect me.

**The CHAIR:** Order! Mr Tudehope—to treat all witnesses—

**The Hon. COURTNEY HOUSSOS:** And you should equally respect me.

**The CHAIR:** Order! To treat all witnesses with courtesy at all times and avoid adverse mentions.

**The Hon. DAMIEN TUDEHOPE:** Do you accept that there could be a perceived conflict of interest if you are making insurance decisions or decisions in your portfolio which relate to the Insurance Council of Australia, for whom your husband works?

**The Hon. COURTNEY HOUSSOS:** I'm going to repeat this for the umpteenth time. I have upheld my obligations under the ministerial code of conduct at all times. We have put measures in place. This is something that is commonplace across government and the private sector.

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

**The Hon. COURTNEY HOUSSOS:** Mr Tudehope, we have an entire set of budget papers here. I have done an enormous amount of work with the Treasurer—

**The Hon. DAMIEN TUDEHOPE:** Do you accept that there could be a perceived conflict of interest?

**The CHAIR:** Order!

**The Hon. COURTNEY HOUSSOS:** —in preparing the budget. Why don't you ask me a substantive policy question instead of a personal, sexist attack?

**The Hon. DAMIEN TUDEHOPE:** I'm asking you do you accept that there could be a perceived conflict of interest?

**The Hon. COURTNEY HOUSSOS:** I accept that these are issues that families across the private sector and across government manage each and every day, and that is exactly what we have done.

**The Hon. SARAH MITCHELL:** Minister, I just want to ask you a few questions about your Natural Resources portfolio. I'm assuming that you would agree with me that the team within the department of Mining, Exploration and Geoscience, led by Ms Beattie and others, do a good job specialising in a highly technical area.

**The Hon. COURTNEY HOUSSOS:** Yes.

**The Hon. SARAH MITCHELL:** You've mentioned before then that you are announcing or consulting on a new critical minerals strategy. Do you not think that this is a waste of your department's time given that there was a previous strategy announced only in November 2021?

**The Hon. COURTNEY HOUSSOS:** No, I absolutely don't because critical minerals and high-tech metals are a fantastic opportunity for the future growth and development of the mining industry here in New South Wales, and I spoke earlier about some of those opportunities. But the other thing that it might be helpful for the Committee to be aware of is—and indeed Ms Cate Faehrmann, who I note is here as well, received this in a briefing provided by Ms Beattie the other day as part of our new way that we are managing information and providing that to the upper House—

**The Hon. SARAH MITCHELL:** Minister, that's great. I'm glad you're providing The Greens briefings.

**The Hon. COURTNEY HOUSSOS:** —was in relation to the creation of the previous strategy. And that strategy, to be clear to the Committee, was constructed entirely by the department. I think the department are excellent. They do great work. I've had an opportunity to visit their office in Maitland and see some of that work firsthand, but I do think it's important when we start to develop these kinds of strategies that we engage with industry, that we engage with communities, that we engage with peak organisations as we're developing these key strategies.

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**The Hon. SARAH MITCHELL:** I just want to take you to your announcement in December. You outlined a desire to "entrench New South Wales's role as a preferred supplier of critical minerals to global trading partners." The previous strategy was devised to:

... build on our existing potential and position NSW as a major global supplier and processor of critical minerals and high-tech metals well into the future.

Would you concede that there is really no discernible difference there?

**The Hon. COURTNEY HOUSSOS:** No, I would actually say that the previous strategy doesn't deal with some key elements that I am hoping that the new strategy deals with, and indeed they were discussed at the consultation that we held here at Parliament on Monday, which is in relation to the skills that are going to be required. What we have in New South Wales is a rapidly declining mining engineering base. Indeed, I was at an international copper event and one of the mining companies there told me that while in other parts of the world they employ almost entirely local labour, here in Australia they are having to import those skills. So I think getting the skills mix right is crucial to—

**The Hon. SARAH MITCHELL:** Okay, thank you for that. I have limited time, as you well know. You've been in my position before.

**The Hon. COURTNEY HOUSSOS:** You've asked me about—

**The Hon. SARAH MITCHELL:** I have but I would just like to ask a few more—

**The CHAIR:** Order! The Minister was answering the question—

**The Hon. SARAH MITCHELL:** She's filibustering talking about a meeting.

**The CHAIR:** —and being relevant. If we could just allow the Minister to conclude her answer please.

**The Hon. SARAH MITCHELL:** For six minutes?

**The Hon. COURTNEY HOUSSOS:** I'm just going to some of the areas that weren't covered under the previous strategy that I hope will be covered in the new strategy.

**The Hon. SARAH MITCHELL:** Okay, thank you, Minister. I'd like to ask you another question.

**The Hon. COURTNEY HOUSSOS:** Sure. I mean I can tell you more. There's—

**The Hon. SARAH MITCHELL:** No, that's fine. As you say, you look at the previous strategy. It, for instance, spoke about moving away from a dig-and-ship model reliant on exporting raw materials, looking to process the materials here. You're just talking about local manufacturing. Your announcement says you have a desire to provide a sharper focus on domestic manufacturing. Again, I don't think that the average person on the street would see much difference in that comment. But I want to ask you, in terms of a key component of the previous critical minerals strategy was the establishment of a critical minerals hub in central western New South Wales. Will you commit to ensuring that significant investment in regional New South Wales will be included in the new strategy?

**The Hon. COURTNEY HOUSSOS:** I'm not going to make any announcements here today in relation to the strategy.

**The Hon. SARAH MITCHELL:** So that's a no?

**The Hon. COURTNEY HOUSSOS:** Don't put words in my mouth. What I am saying is that we are going to engage. Indeed, one of the key parts of that central hub out in Parkes is a recycling facility, and they were at our consultation process on Monday. We are—

**The Hon. SARAH MITCHELL:** Just to be clear: Will you consider—

**The Hon. COURTNEY HOUSSOS:** I can give you—

**The Hon. SARAH MITCHELL:** You just said you're not making announcements.

**The Hon. COURTNEY HOUSSOS:** I've been on the other side of this and I see what you're trying to do. I'm just trying to—

**The Hon. SARAH MITCHELL:** No, with respect, Minister—

**The Hon. COURTNEY HOUSSOS:** —give you a fulsome answer.

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**The Hon. SARAH MITCHELL:** But you've just said you're not going to announce anything or make any decisions. You've just mentioned the town of Parkes. This is a key issue for the Central West in New South Wales. Just to be crystal clear, you are not committing to that hub going ahead?

**The Hon. COURTNEY HOUSSOS:** Let me tell you this: We are updating the critical minerals strategy. As part of that update we're engaging with—indeed, some of those particular stakeholders were here at Parliament talking directly to us. I understand the way budget estimates works. As you mentioned, we were on the opposite sides of this for quite some time. I am not going to give you a definitive answer of, "Yes, we're going to do that today," but certainly that should not be seen as saying that we are not going to proceed with this project. It's actually—

**The Hon. SARAH MITCHELL:** Okay. Thanks, Minister.

**The Hon. COURTNEY HOUSSOS:** There are great opportunities across the Central West using that Lachlan Fold reservation—no, that is not the right term. I'm seven months in so I will defer to the excellent CEO.

**The Hon. SARAH MITCHELL:** That's fine. We can get to Ms Beattie later this afternoon. Minister, how come you decided to do that announcement in Sydney? Why didn't you go to one of the regional sites that have critical minerals or rare earths?

**The Hon. COURTNEY HOUSSOS:** Because I did the announcement at SunDrive, which I spoke about earlier with Ms Boyd. SunDrive highlights a great example of where the previous critical minerals strategy didn't deliver. SunDrive is a local company that comes out of research conducted here at UNSW that is looking to make solar panels more efficient by taking out the silver—I'm going to use some really technical terms—sludge. It's quite a significant part. It's also the heaviest part of the solar panel and the most expensive component. Vince, the CEO there, in completing his doctorate at the University of NSW conducted his own research and found that he could replace that silver in solar panels with copper. You would be aware, Ms Mitchell—it's our alma mater—they actually pioneered solar—

**The Hon. SARAH MITCHELL:** I just wanted to know why you didn't go to the regions where you actually extract these minerals. Have you visited any regional sites in the seven months since you've been Minister? Have you been out?

**The Hon. COURTNEY HOUSSOS:** Yes, absolutely.

**The Hon. SARAH MITCHELL:** Great, thank you. I just want to move on to the Resources for Regions program. Was that your decision, as part of your comprehensive expenditure review, to cut that program?

**The Hon. COURTNEY HOUSSOS:** The Resources for Regions fund was administered by the Minister for Regional New South Wales.

**The Hon. SARAH MITCHELL:** Yes, I understand that, but you're the Minister for Finance. You just told Mr Borsak you were involved in everything to do with putting together the budget. What involvement did you have, particularly as Minister for Natural Resources, in terms of the decisions about the future of that program?

**The Hon. COURTNEY HOUSSOS:** Well, I'm a member of ERC. I'm a member of Cabinet. That was a decision—but that particular fund is administered by Regional NSW and by the Minister for Regional New South Wales.

**The Hon. SARAH MITCHELL:** That's fine, Minister, but you've also just said in an answer to the Chair that there are billions of dollars in revenue that comes to the Government from mining communities. You would agree with that?

**The Hon. COURTNEY HOUSSOS:** Yes.

**The Hon. SARAH MITCHELL:** The Resources for Regions program was specifically designed to provide critical community infrastructure to those local government areas that have the impacts of mining literally on their doorstep, day in, day out. Hundreds of millions of dollars went to very worthy projects over the years to support those communities, recognising the impact of mining. Why didn't you fight for those communities, as Minister for Natural Resources and finance Minister, to ensure that Resources for Regions continued?

**The Hon. COURTNEY HOUSSOS:** Let me tell you what I did fight for as part of the budget process, and what this Government is absolutely committed to delivering: rebuilding our public services across this State. The challenges—

**The Hon. SARAH MITCHELL:** No, Minister, I'm asking you a specific question—

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**The Hon. BOB NANVA:** Point of order—

**The Hon. COURTNEY HOUSSOS:** Well, you've asked me a very lengthy question and I'm going to provide—

**The Hon. SARAH MITCHELL:** Well, because I want to know about Resources for Regions.

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

**The Hon. SARAH MITCHELL:** Resources for Regions don't include public servants.

**The CHAIR:** Order, please! Mr Nanva?

**The Hon. SARAH MITCHELL:** You go back to your talking points when you don't know what to say.

**The Hon. BOB NANVA:** Chair, surely the procedural fairness resolution at paragraph 19 requires more than a 10-second response to a lengthy question.

**The Hon. Dr SARAH KAINE:** And constant interjection.

**The CHAIR:** I uphold the point of order. It was a good question and I am very interested in the answer. The Minister was eight seconds into the answer before there was an interjection. It is disorderly to interject and does not accord with the resolution of the House. Minister, continue your answer.

**The Hon. COURTNEY HOUSSOS:** Thank you, Mr Chair. The thing that those valuable coal royalties are going towards is putting nurses—particularly in regional areas, I should say. It's going towards delivering 500 new paramedics in our regional areas. It's going towards making the 1,112 nurses that your Government failed to provide funding for—

**The Hon. SARAH MITCHELL:** Chair, with respect to the Minister—

**The Hon. COURTNEY HOUSSOS:** I can come back to you on notice and give you a breakdown of those particular regional areas—

**The Hon. SARAH MITCHELL:** No, I don't need that. What I would like—

**The Hon. Dr SARAH KAINE:** Point of order—

**The Hon. COURTNEY HOUSSOS:** —where those temporary nurses were employed.

**The CHAIR:** Order! A point of order has been taken by Dr Kaine.

**The Hon. SARAH MITCHELL:** Seriously?

**The Hon. Dr SARAH KAINE:** Yes, seriously. Ms Mitchell is not allowing the Minister to answer the question. She is continually interjecting. It's just not the tone that I think we should be continuing with for the day—

**The Hon. SARAH MITCHELL:** To the point of order: Resources for Regions—

**The Hon. Dr SARAH KAINE:** And she kept talking over me, as well.

**The Hon. SARAH MITCHELL:** —was a very specific funding program that supported community infrastructure. That money was never going into employing frontline services, so this is not at all relevant. I want to know, for those mining-impacted councils and local government areas that are now missing out on hundreds of millions of dollars, why they are not being looked after by this Minister. It's not relevant to talk about what the Minister is talking about.

**The Hon. STEPHEN LAWRENCE:** To the point of order—

**The CHAIR:** I will rule on the point of order. It was a broad question. I think that the Minister was being relevant and can answer accordingly.

**The Hon. SARAH MITCHELL:** Minister, have you spoken to any mayors or general managers of councils who have lost that funding? Did you consult with them at all?

**The Hon. COURTNEY HOUSSOS:** Yes. You've clearly been reading my ministerial disclosures. I met with a group of central western mayors in this very room. Actually, I can tell you the exact date.

**The Hon. SARAH MITCHELL:** I haven't been reading your diary. Have you had any correspondence from mayors or general managers—

**The CHAIR:** Order!

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**The Hon. SARAH MITCHELL:** —who've lost funding? And what have they said?

**The CHAIR:** The Minister is answering the question, Ms Mitchell, if we could just—

**The Hon. COURTNEY HOUSSOS:** I'd have to check.

**The Hon. SARAH MITCHELL:** Don't you remember?

**The CHAIR:** —allow her the opportunity to answer the first question before you ask another one, especially for Hansard. It's very difficult for them to keep up if we're just firing off a barrage of questions. The Minister has the call.

**The Hon. COURTNEY HOUSSOS:** Thank you, Mr Chair. I actually met on 24 August in this room with the Central NSW Joint Organisation of councils. We discussed a range of challenges at their—

**The Hon. SARAH MITCHELL:** Have you met with any Hunter or north-west councils—other areas?

**The Hon. COURTNEY HOUSSOS:** Yes, I spoke earlier about the Hunter roundtable, where we had a number of mayors from the Hunter. I've met with—I mean, it's all fully disclosed, Ms Mitchell.

**The Hon. SARAH MITCHELL:** I bet they weren't too happy, though, were they, Minister?

**The CHAIR:** Thank you, Minister. The former Government had a statement on the future of gas. Are you committed to that statement, or are you reviewing, revising and preparing a new statement on gas?

**The Hon. COURTNEY HOUSSOS:** I thank you for your question, Chair—or am I supposed to call you Mr Buckingham, sorry?

**The CHAIR:** I think you're supposed to call me Chair.

**The Hon. COURTNEY HOUSSOS:** Chair, at the outset I absolutely acknowledge your long-running advocacy on this issue. I remember when I was first elected to this place that you were giving very detailed and informed speeches in relation to this. It's been a long-running issue that you have pursued in public life. In terms of the specifics in relation to the *Future of Gas Statement*, it was released by the former Government in 2021. The framing that has been provided to me—particularly by the industry more broadly, the resources sector—is that the sector in New South Wales is underpinned by these three key statements: the *Future of Gas Statement*, the statement on coal and the critical minerals strategy.

I would expect that over the course of the next Parliament we would revisit those strategies to make sure that they were fit for purpose. I was particularly excited about the opportunities in relation to critical minerals and high-tech metals. I do think that there are some particular deficiencies in relation to that. That's why we've undertaken that work first. In answer to your question, Chair, I would certainly expect that we would update that over time, but in the meantime it remains a document that has been published by the New South Wales Government.

**The CHAIR:** In terms of the critical minerals and high-tech metals consultation that you are undertaking, I notice on the department's website, in terms of the framing of that consultation, there is no mention of responsible or triple bottom line mining practices. Why is that?

**The Hon. COURTNEY HOUSSOS:** I would be happy to take that on board. This is a consultation process, Chair. We are looking at new and different opportunities for our critical minerals and high-tech metals. In response to Ms Mitchell's question, the other thing that we have a great opportunity for in New South Wales with our critical minerals and high-tech metals, is the ESG component of them. This is something that the Queensland Minister promotes really heavily and it is something that I think we can be talking about a lot more.

**The CHAIR:** Why aren't we?

**The Hon. COURTNEY HOUSSOS:** That is exactly why we are consulting with the sector at the moment, to formulate our strategy. The strategy will set then the framework for how we can foster investment. We can provide those guidelines to encourage the development of this industry. There are great opportunities—

**The CHAIR:** There are certainly great opportunities, Minister, but there is also a lot of alarm in the community about how some of our critical minerals have been mined to this point. The budget documents talk about non-quantifiable contingent liabilities, and one of those is mine rehabilitation. I would argue that they just haven't been quantified. They are not unquantifiable; we could assess them. But, in particular, there are liabilities associated with some of our largest mines, one of those being Cadia. There is enormous concern in that community, mining copper and gold, that that is not a best practice and when it comes to critical minerals that it is not responsible mining. Do you agree?

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**The Hon. COURTNEY HOUSSOS:** That was quite a long series of questions, so I might just provide a considered response to a number of those issues that you have raised. In relation to Cadia, Ms Mitchell asked me before if I had visited any regional mines. Cadia was the first mine that I visited. When I became the Minister responsible for mining, I thought it was really important that I visited a critical minerals and high-tech metals mine. I think that is certainly where there is broad understanding that there is a great future for the industry, and I thought it was really important for me to get out there and meet directly with the miners but also with the workers on the site.

**The CHAIR:** Did you tour the tailings dam? Did they show you the dam wall collapse?

**The Hon. COURTNEY HOUSSOS:** I didn't tour the tailings dam. But, Chair, there are a couple of things that you raised in your question. I have visited it. I did talk about—specifically with them—the history of workers' safety on the site, because I know that is something that I am directly responsible for as the Minister responsible for mining in New South Wales. The broader issues in relation to the community are police, or the responsibility of, I should say, the Minister for Energy, who is obviously in the Macquarie Room at the moment in her capacity as the Minister for the Environment. Feedback I often get as the Minister responsible for mining is that we have a very comprehensive regulatory system in New South Wales, and we do. But part of that is created by the nature of our mining system, which is we don't see fly-in fly-out workforces in the way that we do in other States. I would accept we have drive-in drive-out, but a large number of our mines are closely located with local communities. That means we need to have a really robust planning system in order to be assessing those mines. It means that we get the benefits of those jobs across regional New South Wales, but it also means that we do have a very robust regulatory scheme in place.

**The CHAIR:** That said, do you think that that robust regulatory regime, as you put it, has protected the community around Cadia, who are now being advised by doctors to leave the area because of concerns around heavy metal blood poisoning, the EPA fining Cadia on multiple occasions because of breaches of environmental laws, and concern across the region that this is not best practice mining? Should we be opening up new critical minerals under the current planning laws and regulatory regime when it comes to mining? Shouldn't they be revisited in the context of our biggest critical minerals mine being an environmental and, some would say, economic disaster?

**The Hon. COURTNEY HOUSSOS:** Again, you have asked me quite a long series of questions, so I might just try to unpack some of those parts. The first thing I would say is, in terms of the regulation, as Minister responsible for mining I am primarily responsible for the workers' safety on the site and I am sure the CEO of MEG could provide you with more details around the regulatory activities that are conducted by MEG through the Resources Regulator in order to make sure that that work is safe. The second part I would say is that in terms of protecting the community, that oversight is done by the EPA. Now they don't report directly to me; they report to the Minister for the Environment and that is certainly something that, while we have discussions about it, and we continue, and I am certainly keeping across the issue, I would say that is probably a question that is better directed to her.

**The CHAIR:** I understand that, Minister, but through this process, this consultation, you are trying to convince communities across New South Wales that greenfield critical minerals and high-tech metals mines will be good for their community. Do you think that's being helped, when they look at places like Cadia, when they look at Lake Cowal and the history of mining there, and the fact that that hasn't been a key part of the consultation, a new framework for how these new mine areas are opened up?

**The Hon. COURTNEY HOUSSOS:** The point that I would make again is there is no doubt that there is an understanding that there are enormous opportunities in mining, and Cadia that you are speaking about has 1,900 operational jobs. That has been a mine that has been operating for 25 years in the State's Central West, and it is the largest non-coal contributor of mining royalties to the New South Wales Government. It is a really significant local employer. I absolutely agree that we need to have a robust system in place to make sure that the community is protected. But I think that, as we are doing our strategy and as we are—

**The CHAIR:** Do you think that you have that robust system in place? Do you think that it could be improved?

**The Hon. COURTNEY HOUSSOS:** I would not say that I have all the answers there, Chair, and I am happy to speak to the communities and hear their concerns about how we can make that better. That is the whole purpose of us consulting about a strategy, to engage and get feedback on those issues.

**The CHAIR:** Just one last question before we break, has the Government considered any changes to the 4 per cent flat mining royalty rate for critical minerals?

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**The Hon. COURTNEY HOUSSOS:** That is not something that we are actively considering at the moment.

**The Hon. ROBERT BORSAK:** I know you don't want me to ask any questions, but I am.

**The CHAIR:** Go for it.

**The Hon. ROBERT BORSAK:** Minister, just to take you back to the mundane issue of the budget, this document here, or at least this part of it anyway. Talking about the fiscal outlook—and in the budget papers I am now on page 11, dealing with the fiscal outlook—it talks about redirecting \$13 billion worth of budget measures to reinvest in unfunded programs. What sort of programs are we talking about in relation to that?

**The Hon. COURTNEY HOUSSOS:** That's an excellent question. I said earlier we were aware of the \$188 billion that we were on track for, which would have, given the way that this budget unveils the next year of the forward estimates, that would have been on track for \$200 billion by June 2026. The one thing that we weren't told about before the election was the \$7 billion-worth of unfunded programs that the previous Government had factored into the budget. They were across health, environment, cybersecurity—the office of cybersecurity had no ongoing funding—local government, major events, skills, transport, gaming regulation. We had a range of programs that were on what we would call a fiscal cliff, in the sense that there was no ongoing funding that was provided. The thing that you would be probably interested to know, Mr Borsak, was most of those fiscal cliffs occurred two years into the Government's budgeting, which allowed some tricks to occur in the figures that the previous Government released before the election. I can give you some specific examples, if you would like?

**The Hon. ROBERT BORSAK:** Yes, why don't you.

**The Hon. COURTNEY HOUSSOS:** Of those, there were 1,112 nurses, which I have spoken about. In the budget we have \$572 million worth of funding to make these nurses permanent positions that we would have been required to sack if we continued with the budget as it was handed down by the previous Treasurer. We would have been required to sack them on 30 June. Out-of-home care—for our most vulnerable children that come into contact with the State—received \$200 million worth of funding in the budget. That will be protecting thousands of vulnerable children. The former Government provided them only enough funding to last until April next year.

**The Hon. ROBERT BORSAK:** It's really only very recent, of course, but since the publication and the promulgation of the budget, has the fiscal situation deteriorated in any way? You are predicting an \$844 million surplus in 2024-25. Is that going to be worse or better?

**The Hon. COURTNEY HOUSSOS:** You might be excited to know that we have already begun the process of preparing for the half-yearly review, which will be released in mid-December. Perhaps the secretary can provide a bit more detail on that.

**MICHAEL COUTTS-TROTTER:** Mr Borsak, that is the point at which we will provide an update on any major changes to the assumptions underpinning budget estimates for this year. At this point, the short answer is no. But there is re-forecasting happening at the moment that will be released in the half-yearly review.

**The Hon. ROBERT BORSAK:** Did the budget scope include interest rate increases for November and December when you were doing it back earlier in the year?

**MICHAEL COUTTS-TROTTER:** We assumed there would be one further interest rate rise during the course of this financial year.

**The Hon. ROBERT BORSAK:** Of 25 basis points?

**MICHAEL COUTTS-TROTTER:** Of 25 basis points.

**The Hon. ROBERT BORSAK:** Minister, you talk about fiscal cliffs and all that sort of stuff and that leads me to think about grants programs, for example. In the last Parliament there was a fair bit of crowing from the previous Government—or some people in the previous Government—about grants programs and how we can have it all and just help ourselves and do what needs to be done. Can you outline to me if and what poorly administered programs you have found, in terms of your processes of preparing the budget?

**The Hon. COURTNEY HOUSSOS:** Mr Borsak, thank you very much for the excellent question. You and I both sat through that long-running inquiry conducted by the Public Accountability Committee under the previous Parliament, and we investigated closely. I have to say, over the course of preparing the budget—and we did have to make some tough decisions as part of the budget process—it really made me reflect on some of the things that we had uncovered during that particular inquiry, including those bushfire recovery grants. We saw the second largest project essentially being pushed out the door to a project that had been shopped around from grants

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program to grants program and being pushed out to areas depending on how they voted. That is absolutely not the process that we are following.

We strongly canvassed the Stronger Country Communities Fund as part of that upper House inquiry, where we saw 96 per cent of that quarter of a billion dollars that went into councils in Coalition-held or marginal electorates. I know the Auditor-General then subsequently did a report that was really informative in relation to the way the grants programs are being conducted. We had so many examples. Some \$9.3 million of the Regional Cultural Fund was awarded by Ministers to projects that were not recommended by the panel. I should take this opportunity to really pay tribute to the work that Minister Graham is doing in this space as the Special Minister of State. He was on the upper House inquiry alongside us and understood and saw what the consequences were when you have poor management of grants programs. He is doing an excellent job in implementing new guidelines and new systems to ensure that our schools, our regions and our services are funded fairly, and not in relation to how they voted. I think that's a really significant change in the way that our Government is approaching grants programs.

**The Hon. ROBERT BORSAK:** On a slightly different tack, I noticed recently that the Government is intending to do a review of the New South Wales ClubGRANTS scheme. Have you got any comment to make in relation to that?

**The Hon. COURTNEY HOUSSOS:** I am aware that 57 per cent of the ClubGRANTS category 3 fund had been awarded to projects in the Coalition electorates. But I would have to come back to you with some more detail on that. I am not specifically overseeing that one.

**The Hon. ROBERT BORSAK:** Is it the Government's intention at some stage to take over the grants scheme away from clubs themselves?

**The Hon. COURTNEY HOUSSOS:** That is a process that is under review at the moment and being managed by a different Minister. I would assume that it would be the Minister for Gaming and Racing but, again, I would have to check that and come back to you, Mr Borsak.

**The Hon. ROBERT BORSAK:** If you could, please, that would be good.

**The Hon. COURTNEY HOUSSOS:** Absolutely.

**The Hon. ROBERT BORSAK:** In relation to grants programs in general, what are you doing different? What is your Government doing different to what was being done before?

**The Hon. COURTNEY HOUSSOS:** The first thing that I think is a fundamental change is in being really disciplined and fiscally prudent around the way that we administer these grants programs. We understand that this is not free money. This is money that, in fact, given our current debt trajectory, we were borrowing. The interest repayments on that funding were the largest and fastest growing part of the budget. We absolutely are reorienting the grants programs and budget more broadly to be more fiscally disciplined and to be more prudent. We are putting in place specific measures in order to increase the accountability and the transparency around grants programs. Minister Graham has said this in the House. There is no doubt that there is a time and a place for ministerial discretion when it comes to grants programs, but that needs to be clearly documented and outlined. I think he is doing an excellent job in specifically administering and finding a new way for grants programs to be administered in this State.

**The Hon. ROBERT BORSAK:** You agree that community clubs do have a vital role to play in relation to community grants and the money and the concessions that they are given by government to make those grants?

**The Hon. COURTNEY HOUSSOS:** I am certainly aware that clubs do great work in our local communities.

**The Hon. ROBERT BORSAK:** So the Government is not that avaricious that it would take those concessions away?

**The Hon. COURTNEY HOUSSOS:** I am just being quite cautious about the comments that I make in relation to this because it is part of another Minister's responsibility and the program is under review at the moment. But I say this: I absolutely understand that clubs play a really important role in local communities and that they do some great work across the State, particularly in regional New South Wales.

**The Hon. ROBERT BORSAK:** Particularly in regional New South Wales.

**The Hon. Dr SARAH KAINE:** Minister, you were speaking a bit before in answer to Mr Borsak about interest rates. I wonder if you can talk a bit more about the overall state of the New South Wales economy.



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**The Hon. COURTNEY HOUSSOS:** Yes, absolutely. I would love to. I think the first and foremost thing that guided the way that we prepared the budget was that we understand that most families and households across New South Wales are under enormous cost-of-living pressure at the moment. Certainly, in the way that we are all waiting to see what the Reserve Bank does on Melbourne Cup day, there is no doubt that individual families and households and businesses are feeling that cost-of-living pressure. Off the back of that, some of our broader economic activity measures show that the economy is starting to rebound after COVID. Between the strong labour market and strong land values, we have certainly seen increased returns in our revenues to the State's budget, along with the fact that we have seen migration return and population start to be growing strongly.

So we are seeing quite a tight labour market. There are some good economic indicators there, but at the same time we understand that with inflation it is remaining an issue, and it is creating real problems and real challenges for families, for households and for businesses right across the State. Just understanding that pressure and providing very targeted and specific cost-of-living relief to families in particular and to households who need it most—that really drove us through the budget process.

**The Hon. Dr SARAH KAINE:** I wonder if I could move on to a newer part of your portfolio, domestic manufacturing. What is the New South Wales Government doing to prioritise local content and to rebuild the manufacturing industry?

**The Hon. COURTNEY HOUSSOS:** That's a great question, Dr Kaine. I really thank you for it because domestic manufacturing is something we have seen dramatically decline over the last 12 years. It has been deliberate policy decisions but also neglect from the previous Government. When you take decisions to send billions of dollars offshore for key and major infrastructure projects—and those precious procurement dollars are sent offshore with really important multiplier effects—then it's going to take some time to rebuild that capacity within the economy. We have already started work on how we can encourage spending those dollars right here in New South Wales, but it is going to take time.

The importance of it is not just in relation to those direct jobs that we procure. What we know is that for every one job that we have in domestic manufacturing, along the supply chain that creates two additional jobs. It's those multiplier effects. When you send billions of dollars offshore to purchase trains, ferries, light rail or trams from overseas, you are sending that money over there and those important multiplier effects. I think the 12-year experiment shows that we're actually getting faulty products. We're not getting good return for our value. We are missing out on both. We are not getting good-quality products and we're also missing out on those important multiplier effects.

I was out in Western Sydney with the Premier and with the planning Minister earlier this week. There is some great work being done within our domestic manufacturing capability. We were with BlueScope, who have a plant—they're actually opening up their first new metal coating line. It will be their seventh metal coating line, but their first I think in 30 years or something. There is some great work being done out there. But when the previous Government took a decision to procure, for example, our trains offshore, we actually saw the demise of a train building industry that had been here in New South Wales for over 100 years—since the 1800s we had built trains here in New South Wales—and the environment and the broader flow-on effects from those great local jobs. Where I am from up on the mid North Coast there were some facilities in Taree, but also certainly the Goninan site in Newcastle. These are sites that supported really great, local, well-paid jobs but also then the flow-on industries attached to them.

**The Hon. Dr SARAH KAINE:** Thank you, Minister. If you could maybe explain a bit more—what are the barriers that we are facing in terms of building that manufacturing?

**The Hon. COURTNEY HOUSSOS:** It is not something that you can simply flick a switch on. After 12 years of this industry and the collapse of this industry in terms of here in New South Wales, we have lost the skills, and those jobs or those people who would have done those jobs have gone elsewhere. It is going to take time to rebuild those skills. We are also going to have to work closely with industry and that is certainly something that I know Minister Chanthivong is really focused on as the Minister for Industry, and I am working closely with him along with the Minister for Transport and also the skills Minister in making sure we have a whole-of-government approach. I am the Minister for Domestic Manufacturing and Government Procurement because that is a specific opportunity for us, but this is a real priority for all of government to be turning our focus to how we can be fostering the environment here in New South Wales and providing those opportunities. But it's going to take time.

We can do things. We can introduce local content weightings, and we made some specific election commitments around increasing local content weightings. But we can't do this overnight, and we've seen around the world other countries—the US and major European economies—really investing in their domestic manufacturing capability. In 2021, in the OECD index for domestic manufacturing capability we were actually

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ranked last. We have fallen so far down the scale, at a time when we are seeing other major countries investing in this domestic capability. We saw the consequences during COVID, of course, but this is a new and great opportunity for the New South Wales economy.

**The Hon. STEPHEN LAWRENCE:** Minister, moving to your responsibilities as Minister for Finance, and particularly in the revenue space, you'd be aware that Revenue NSW is responsible for administering a number of schemes on behalf of the New South Wales Government. I am wondering, do you have an opinion on whether any of these, or indeed any joint schemes that they are involved in, have not been ideally set up?

**The Hon. COURTNEY HOUSSOS:** Yes. There are a number of things that we have been handed over by the previous Government that we're taking a very close look at. I would say that as a new Government we are taking a fresh look—and in the budget papers here we have certainly taken a close look—at a range of measures that are in place. There are some additional ones that we're going to be keeping a close eye on. There is a shared equity scheme that Revenue NSW—and I am giving you the opportunity to shout out the fantastic public servants who set up the scheme, who have got it ready to roll out. We have seen a really low take-up rate of that particular pilot program. That is due to end in June next year, and we would certainly be seeing whether that's actually achieving its outcomes. I think that that's certainly a scheme that we want to be keeping a close eye on.

I am sure our excellent public servants could provide some more details on the foreign tax surcharge that was introduced by the previous Government that failed to take into account foreign tax treaties. We have had to refund a range of funds in that particular case from countries where it just wasn't created properly. The previous Government just didn't do their work in setting those schemes up.

**The Hon. DAMIEN TUDEHOPE:** That's not true.

**The Hon. STEPHEN LAWRENCE:** Minister, I am particularly interested in COVID business grants. Do you have any particular thoughts on those in terms of poorly set-up schemes?

**The Hon. COURTNEY HOUSSOS:** Yes. This is one of the things that comes in as a new Minister—what are the ongoing issues that have been created. Part of the challenge was—and I should say from opposition we absolutely supported the need to get business grants out the door and to be supporting our business community during really difficult times during the pandemic. But again, as I have talked extensively about, the inquiry in the previous Parliament around grants found that if you don't set the systems up properly, then you are leaving yourself open to fraud. Obviously there is an inherent tension between the need to get the money out the door and then relying on those self-declarations that are made. We are facing some challenges at the moment in relation to COVID business grants.

I would say this: The thing that has struck me with Revenue NSW—and I visited their Parramatta site very early on. They really highlighted the fact that they are often engaging with people at a really difficult point in their lives and the need to engage with empathy and understanding, and the range of systems—and we are looking at some additional systems—that we can put in place to make that an easier process. I understand that, as we are interacting with businesses who, as part of this review process and the way that the micro business grants were issued, and a range of other business grants—and doing some compliance activity around that, I would encourage people, if they are having difficulty in repaying those, to really each out to Revenue, and to enter into some arrangements. They regularly do this in engaging with individuals, families who are affected or businesses—to work out plans that are bespoke to them to find a way to repay the money, if that's required.

**The CHAIR:** Thank you very much for your answers, Minister. We will break now and we will reconvene at 11.15 a.m.

**(Short adjournment)**

**The Hon. SARAH MITCHELL:** Minister, I want to take you back to some of the comments that you made, particularly around concerns about cost of living but also in terms of liveability. As I mentioned before, the Resources for Regions program has been cut; that no longer exists. Is that correct, Minister?

**The Hon. COURTNEY HOUSSOS:** Yes. Sorry, you asked me a series of questions.

**The Hon. SARAH MITCHELL:** The Resources for Regions program no longer—

**The Hon. COURTNEY HOUSSOS:** Sorry, you asked me a series of questions then, which started with cost-of-living pressures. Why don't you ask them as single questions? This works. I think the Treasurer said the same thing.

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**The Hon. SARAH MITCHELL:** I don't need a lecture from you on how to make it work, Minister. What I would like you to do is just confirm, unequivocally, Resources for Regions as a program no longer exists, correct?

**The Hon. COURTNEY HOUSSOS:** No. What I am going to say is that the Resources for Regions program is administered by Minister Moriarty, and you had the opportunity to ask her questions in relation to that.

**The Hon. SARAH MITCHELL:** Minister, you are the Minister for Natural Resources. We spoke before the break about the impact of mining on those particular local government areas that have mining occurring on a daily basis. The Resources for Regions program no longer exists, correct? Yes or no?

**The Hon. COURTNEY HOUSSOS:** As I've said to you extensively, you missed your opportunity—

**The Hon. SARAH MITCHELL:** We talked about this before.

**The Hon. BOB NANVA:** Point of order—

**The Hon. SARAH MITCHELL:** We spoke about this before the break. Are you serious?

**The CHAIR:** A point of order has been taken by Mr Nanva.

**The Hon. BOB NANVA:** This is not estimates for Regional New South Wales. This is estimates for Finance and Natural Resources.

**The Hon. SARAH MITCHELL:** To the point of order—

**The Hon. BOB NANVA:** I believe the Minister has adequately answered the question.

**The Hon. SARAH MITCHELL:** Can I speak to the point of order, Chair? I have two points. The first is that we have already canvassed matters in relation to this in an earlier part of the hearing, at which no objections were raised to us talking about Resources for Regions. The Minister is responsible for mining under her Natural Resources portfolio. This is a program that impacts mining communities. She's also the finance Minister, and said earlier she was involved in putting together the budget papers and those decisions through ERC. This is entirely relevant to her portfolio responsibilities.

**The Hon. Dr SARAH KAINE:** Further to the point of order—

**The Hon. SARAH MITCHELL:** You're just wasting time.

**The Hon. Dr SARAH KAINE:** I don't know if the Hon. Sarah Mitchell remembers, but the Minister did address this question. When you asked, "Were there any objections raised?" The Minister answered in exactly the same way as she has now, which is that it's not in her portfolio area. So to say that it was engaged with in some way earlier is just not—

**The Hon. SARAH MITCHELL:** That is just not true.

**The CHAIR:** Order! I will rule on the point of order. I will not uphold the point of order because I am mindful that the Minister has answered the question previously.

**The Hon. SARAH MITCHELL:** Again, Resources for Regions no longer exists. You mentioned before that this money is now going towards, in your words, supporting frontline services. But how do you reconcile that with the fact that these are programs that are designed to invest in community infrastructures—things like upgraded roads, parks, playgrounds, sporting facilities? Liveability is very important when it comes to regional communities, I'm sure you would agree, Minister. So how do you rationalise that decision to cut a program that provides funding specifically for mining-impacted communities to ensure that they are great places to live and work? How can you possibly justify that as both the Minister for Finance, and Minister for Natural Resources?

**The Hon. COURTNEY HOUSSOS:** I lost count of how many individual questions you asked me as part of that long series of questions there. Let me start at the outset. Of course I support our local mining communities.

**The Hon. SARAH MITCHELL:** But you've cut their money.

**The Hon. COURTNEY HOUSSOS:** I think that they are facing the same challenges that we're facing across the State. We've got chronic teacher vacancies in our schools, as you know, Ms Mitchell. We've got 1,000— or we had 1,112 nurses, and I would be happy to come back to you on notice and give you a breakdown of exactly where—

**The Hon. DAMIEN TUDEHOPE:** That's not her portfolio.

**The Hon. SARAH MITCHELL:** That's not your portfolio, Minister, so I don't need that from you.

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**The CHAIR:** Order!

**The Hon. SARAH MITCHELL:** What I need is an explanation for these mining-impacted communities who now will not be able to access hundreds of millions of dollars' worth of support for community infrastructure.

**The Hon. BOB NANVA:** Point of order—

**The CHAIR:** Order!

**The Hon. BOB NANVA:** I reiterate again—this goes to relevance—that these questions would be more suitably addressed to the Regional New South Wales inquiry.

**The Hon. SARAH MITCHELL:** You're just covering up the cuts.

**The Hon. BOB NANVA:** If there is a question on natural resources specifically, I think that is legitimate, but to cover that in natural resources or mining communities more broadly would make it a subject matter that is more relevant to the Regional New South Wales inquiry, not this one.

**The Hon. STEPHEN LAWRENCE:** Further to the point of order—

**The CHAIR:** I uphold the point of order. The issue has been previously exercised by the Committee and it's clear that it's going beyond the remit of the Minister and her responsibilities.

**The Hon. SARAH MITCHELL:** Thanks, Chair. As Minister for Natural Resources, what have you done to ensure that there is support for mining-impacted communities when it comes to local infrastructure?

**The Hon. COURTNEY HOUSSOS:** This budget has a range of measures for right across regional New South Wales. Indeed, I think the Hon. Robert Borsak was quoting from a document, which I haven't actually brought with me, but we had a series of overview documents. I would refer you to the regional New South Wales one in relation to that.

**The Hon. SARAH MITCHELL:** Yes, I've read that.

**The Hon. COURTNEY HOUSSOS:** We have a range of measures that we're—

**The Hon. SARAH MITCHELL:** Specifically for mining-impacted communities, Minister, not regional New South Wales more broadly. I want to know for the mining-impacted communities. What are you doing, as Minister for Natural Resources, to ensure that they get their fair share of funding, given the amount of royalties that come from those communities, in terms of their community infrastructure and investments? How are you championing that in your role as Minister for Natural Resources and finance Minister? What are you doing?

**The Hon. STEPHEN LAWRENCE:** Point of order: That is, in any substantive sense, exactly the question that the Minister was attempting to answer when she was interrupted.

**The CHAIR:** Yes, I uphold the point of order. I was listening carefully. That was just an interjection, which restated the question. The Minister was in the process of answering it. I uphold the point of order. Minister, you have the call.

**The Hon. COURTNEY HOUSSOS:** What I can tell you is that this budget has \$1.8 billion for new regional investments for essential services and for infrastructure. We've got \$4 billion in targeted disaster recovery programs.

**The Hon. SARAH MITCHELL:** That's an embarrassing answer.

**The Hon. COURTNEY HOUSSOS:** Now, specifically for regional New South Wales, I would say—and for mining-affected areas—that we have got hundreds of new regional paramedics. In terms of mining-affected communities, I was here at the Parliament—indeed, some of your colleagues were there—at the NSW Mining Annual Parliamentary Dinner. At that specific dinner, they had a huge tribute for the former head, Richard—his surname is escaping me now, and I'm caught on *Hansard* not remembering his surname, which is very rude—and the incredibly important work that he has done through the Westpac helicopter. The importance of regional paramedics to mining-affected communities was evident for everybody who was there on that night.

**The Hon. SARAH MITCHELL:** Minister, thank you for that answer. I will just move on. To be blunt, the budget is also very clear that a lot of those regional infrastructure projects have been cut. I want to ask you specifically about one that was cut that relates to your domestic manufacturing responsibilities. The Regional Investment Activation Fund, \$110 million was foreshadowed for that particular program to help grow existing industries and establish emerging industries in the regions, including things like advanced manufacturing. Again,

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your actions aren't matching your words. Why did you cut a program that was designed to support more advanced manufacturing in regional communities?

**The Hon. COURTNEY HOUSSOS:** Because if we had continued on the same path of the budget that your Government handed down, we would have had \$200 billion worth of debt by June 2026. So we had to take—

**The Hon. SARAH MITCHELL:** Minister, what's available then for regional businesses?

**The Hon. BOB NANVA:** Point of order—

**The Hon. Dr SARAH KAINE:** Point of order—

**The Hon. SARAH MITCHELL:** You're cutting programs.

**The CHAIR:** Order!

**The Hon. COURTNEY HOUSSOS:** At the same time, we had chronic teacher vacancies. We had—

**The Hon. SARAH MITCHELL:** It's not about teachers.

**The CHAIR:** Order! I don't need to hear the point of order. The Hon. Sarah Mitchell will desist from interjecting. It was a good question. I was listening to the answer. The Minister was answering. It's disorderly to interject.

**The Hon. COURTNEY HOUSSOS:** The question was in relation to why did we take a fresh look at a range of grant programs that have been in place.

**The Hon. SARAH MITCHELL:** You've cut programs.

**The Hon. COURTNEY HOUSSOS:** Chair, I say this: None of these were decisions that we took lightly, but we believe that we were elected to rebuild public services in New South Wales to address the enormous and unsustainable levels of debt being faced by the New South Wales economy, and that is exactly what this budget does. Indeed, it also confronts the housing crisis and gets our energy roadmap back on track, but those are questions for the Macquarie Room. Chair, we are absolutely doing—

**The Hon. SARAH MITCHELL:** If I could use my time, please, Minister.

**The Hon. COURTNEY HOUSSOS:** I mean, you are asking me a question and I'm providing you with an answer.

**The Hon. SARAH MITCHELL:** With respect, Minister, I've asked you a very specific question in terms of a fund that was set up to give opportunities for regional businesses to grow—emerging industries. That program is no longer existing; you have chosen to cut that funding. Why are your actions as Minister, particularly now that you've got responsibility for domestic manufacturing, not matching your words? You can't sit in here and say that you want to support industry to grow while at the same time literally cutting the funding that allows regional communities to do just that. How do you reconcile the statements you make with the actions you're taking?

**The Hon. COURTNEY HOUSSOS:** Because you've asked me about a specific fund in relation to advanced manufacturing. We have a fundamentally different approach in the way we are going to foster domestic manufacturing in this State. That starts by spending our government procurement dollars here. You want to talk about regional New South Wales? They used to build trains in Taree, they used to build trains in Goulburn, they used to build trains in State's Central West. They no longer do that because your Government set up a little grants program and, at the same time, sent billions of dollars of government procurement money—those valuable, precious government procurement dollars—overseas. So that is the different approach that we are taking. Before we rack up \$200 billion on our credit card, we are going to reassess how we are spending our money—in a prudent and in a fiscally disciplined way.

**The Hon. SARAH MITCHELL:** So what you're saying is—

**The Hon. COURTNEY HOUSSOS:** We're not taking the easy option of running up the credit card or of lazily letting money flow out the door. We're actually having a rigorous program of how we administer funds, and it starts with the Government's own procurement.

**The Hon. SARAH MITCHELL:** Thank you, Minister.

**The Hon. COURTNEY HOUSSOS:** That is absolutely what I am focused on doing.

**The Hon. SARAH MITCHELL:** Minister, I have very limited time.

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**The Hon. COURTNEY HOUSSOS:** Those billions of dollars that you spent overseas instead of on regional New South Wales—

**The Hon. SARAH MITCHELL:** Chair, she's just repeating herself.

**The Hon. COURTNEY HOUSSOS:** —that is what we are focused on doing.

**The Hon. SARAH MITCHELL:** Minister, just to pick up on what you said, you're talking about wanting to see regional manufacturing again, and you used the example of trains. How do you expect those businesses to grow and emerge when you're cutting things like the Regional Investment Activation Fund, which was specifically designed for regional communities? Have you cut any money from city investments in manufacturing, or is it just the bush that you went after with your cutter?

**The Hon. COURTNEY HOUSSOS:** I think I outlined really clearly about the opportunities that manufacturing had previously had for regional—

**The Hon. SARAH MITCHELL:** No money for them; you've cut the money.

**The CHAIR:** Order!

**The Hon. STEPHEN LAWRENCE:** Point of order: It's just the interjections. It's completely discourteous.

**The CHAIR:** Yes, I uphold the point of order. The interjections are disorderly. The Minister is giving an answer.

**The Hon. COURTNEY HOUSSOS:** I think it's just a fundamentally different approach. We're not going to be setting up grants—

**The Hon. SARAH MITCHELL:** Cut, cut, cut.

**The Hon. Dr SARAH KAINÉ:** Chair, come on.

**The CHAIR:** Order! That is not helpful, Ms Mitchell. Minister.

**The Hon. DAMIEN TUDEHOPE:** Taking up your position in relation to procurement—

**The Hon. Dr SARAH KAINÉ:** You're not a Minister anymore.

**The Hon. COURTNEY HOUSSOS:** In relation to our approach to fostering domestic manufacturing, it is about using our procurement dollars first, before we start issuing grants programs. But I think the question of those specific grants programs there—they're not administered by myself.

**The Hon. DAMIEN TUDEHOPE:** I take you to that point and, in fact, it's the position that you've adopted. You were quoted this morning in *The Australian* saying, "It's crucial that we get value for money in government procurement. This includes the multiplier effect." I think you gave an explanation of that earlier. So I take it that this lines up with your pre-election commitment to redefine the value of money to better capture wider economic benefits, job creation and industry development when spending government money. Is that right?

**The Hon. COURTNEY HOUSSOS:** Yes.

**The Hon. DAMIEN TUDEHOPE:** So what changes have you made to the Procurement Policy Framework or to procurement practices to incorporate the new definition of "value for money"?

**The Hon. COURTNEY HOUSSOS:** We've begun work on how we are going to better use our government procurement dollars. That is specifically around implementing our commitments that we made around local content. But we are still operating under the existing devolved procurement framework. There are some significant issues with the way that that operates.

**The Hon. DAMIEN TUDEHOPE:** So you've made no changes to the Procurement Policy Framework to date?

**The Hon. COURTNEY HOUSSOS:** I'll have to come back to you with the specifics.

**The Hon. DAMIEN TUDEHOPE:** The answer is no, Minister.

**The Hon. Dr SARAH KAINÉ:** Point of order—

**The Hon. SARAH MITCHELL:** How much cover do you need to run?

**The Hon. COURTNEY HOUSSOS:** I'm giving the answers today. You can ask me the questions.

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**The Hon. Dr SARAH KAINE:** It's not cover; it's just courtesy.

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

**The Hon. Dr SARAH KAINE:** Mr Tudehope seems to have picked up where he left off earlier this morning in refusing to let the Minister answer and talking over the top of her. If you could ask him to desist.

**The CHAIR:** Yes, interjections are disorderly. Minister, you were answering.

**The Hon. COURTNEY HOUSSOS:** The question was in relation to the current devolved procurement framework that is operating. That's where, as the Minister responsible for government procurement—the Procurement Board, which operates through Treasury, reports to me directly. But when we want to be approaching the way that we spend those valuable government procurement dollars, there are a range of issues with simply devolving it down into the clusters. But I might just get the deputy secretary—

**The Hon. DAMIEN TUDEHOPE:** Minister, I'm happy to deal with the deputy secretary after lunch. I'd like to ask you this: Before the election you promised to put into law mandatory requirements for the tender weighting of 30 per cent for local content, jobs creation and ethical supply chains in government. Are you proposing to do that?

**The Hon. COURTNEY HOUSSOS:** We haven't introduced the legislation yet, but it's a great opportunity for me—a great little segue for me—to promote the work that Dr Kaine is going to be undertaking shortly with the Standing Committee on Social Issues.

**The Hon. SARAH MITCHELL:** That is really relevant!

**The Hon. COURTNEY HOUSSOS:** I said earlier that I deeply respect the work of the upper House and of the parliamentary committees to be able to really unpack some of these complex and difficult policy programs—

**The Hon. DAMIEN TUDEHOPE:** I accept that Dr Kaine will do great work.

**The Hon. COURTNEY HOUSSOS:** Mr Tudehope, you can ask me questions and I can provide you with answers, or you can just interject over me all day. It works best if you allow me to answer.

**The Hon. DAMIEN TUDEHOPE:** It works best if you answer the question.

**The CHAIR:** Order!

**The Hon. COURTNEY HOUSSOS:** I am providing you with a directly relevant answer to your question. I don't need you to explain it to me.

**The CHAIR:** Order! Interjections must stop. Minister, if you could continue on with your answer, please.

**The Hon. COURTNEY HOUSSOS:** There is no doubt that, when the New South Wales Government spent over \$40 billion on procurement last financial year, the devolved procurement model does not allow us to maximise that—the way we can use that to stimulate our domestic economy. I'm looking forward to working with Dr Kaine and with her parliament inquiry. We have made some specific election commitments around changing the way that the Government assesses the value—

**The Hon. DAMIEN TUDEHOPE:** Point of order: I've asked the Minister a question about whether she has introduced any legislation to implement a policy of the Government. Now, that's a specific question. My next question was going to be in terms of the social policy framework. If the Minister would just answer that question and provide an answer, I will move to the next question. But to continue to ramble in this manner—

**The CHAIR:** Order! The Minister was clearly being relevant to the question asked.

**The Hon. COURTNEY HOUSSOS:** The short answer is that our election commitments were really clear in this space. We've certainly commenced work on that. I will also be informed by the important work that Dr Kaine is doing—

**The Hon. SARAH MITCHELL:** And the rest of the committee.

**The Hon. COURTNEY HOUSSOS:** —around some of the other opportunities that we have within the way the Government spends its valuable procurement dollars.

**The Hon. DAMIEN TUDEHOPE:** That committee is not due to report until 31 July 2024. Is that right?

**The Hon. COURTNEY HOUSSOS:** I'll take your word for it.

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**The Hon. DAMIEN TUDEHOPE:** Good. Does that mean that you will not be taking any steps to alter the procurement framework until after the committee has reported?

**The Hon. COURTNEY HOUSSOS:** No, I think I've already explained to you, Mr Tudehope, that we've commenced the work on implementing those election commitments, but I look forward to working in tandem with Dr Kaine through that procurement inquiry.

**The Hon. DAMIEN TUDEHOPE:** Minister, in relation to domestic manufacturing, are there any provisions in the budget relating to funding for domestic manufacturing?

**The Hon. COURTNEY HOUSSOS:** I think I've outlined extensively that there needs to be—yes, absolutely, there are a range of measures, Mr Tudehope, in order to do this. But the key part is starting with our government procurement dollars, and marrying those two together is the reason why I've been given this new portfolio and a renewed focus of the Government. We've made specific commitments around increasing the local content and we've made specific commitments around train building. But when we are coming into this after 12 years of neglect, we are still trying to set up the systems in order to be able to do that. Your Government took deliberate and—through a combination of deliberate policy decisions and complete neglect, we are having to rebuild that capacity in government as well as rebuilding that capacity in the private sector.

**The Hon. DAMIEN TUDEHOPE:** Minister, which department assists you in relation to your role as the Minister for domestic manufacturing?

**The Hon. COURTNEY HOUSSOS:** You would appreciate that I have been in this role almost two months—I think it was late September that I got sworn in—so we have begun that process of working through where we'll build that capacity. Primarily, it is going to be run through the Cabinet Office because it is a focus of all of government, and they will be obviously leveraging the existing expertise within Treasury and our expertise within DEIT—the department of enterprise, industry and trade?

**MICHAEL COUTTS-TROTTER:** That's the one.

**The CHAIR:** Minister, in a previous answer you said that the three pillars—I'm paraphrasing there—of the Government's approach to the development of natural resources were the critical minerals document, which is currently out for consultation and being reviewed, the *Future of Gas Statement* and the statement on coal exploration.

**The Hon. COURTNEY HOUSSOS:** I'd just make an important clarification there, Chair, and I'm sorry if I was unclear. I was given that feedback from industry, so the industry, in its conversations with me, highlighted the importance of these particular documents.

**The CHAIR:** But you don't? Are you saying that you—

**The Hon. COURTNEY HOUSSOS:** No, I'm just saying that that was the feedback that was provided to me, and I do think that they are important in terms of setting the framework for the way that the sector operates.

**The CHAIR:** But they are the three policy documents—

**The Hon. COURTNEY HOUSSOS:** Yes.

**The CHAIR:** —that are still guiding the Government at the moment. And the critical minerals one is being reviewed and your answer previously was that the *Future of Gas Statement* is something that will be reviewed in this term.

**The Hon. COURTNEY HOUSSOS:** Although we haven't made any specific public commitments before the election, I would expect that we would, over the course of the four years, in a careful and a methodical way, start to work through those documents.

**The CHAIR:** But is the *Future of Gas Statement* still operating and guiding your department?

**The Hon. COURTNEY HOUSSOS:** Yes.

**The CHAIR:** A key element—and probably some would argue the key element—of that future of gas document is its reference to the Narrabri Gas Project. It says that the Narrabri Gas Project is critical to drive regional economic development and supply security in New South Wales. Do you agree with that statement that the Narrabri Gas Project is critical to supply security in New South Wales?

**The Hon. COURTNEY HOUSSOS:** Yes, look, I'd make a few points on the Narrabri Gas Project. The first is that the Labor Party went to two consecutive elections opposing the Narrabri Gas Project, and we lost those elections. Before the last election, the gas project had reached a point in the independent planning process where it had been approved, so our view was that, if it's got through the independent planning assessment process then



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it should be allowed to progress. But on the Narrabri Gas Project—and I think this is probably an important point to make—it is the only gas project that we have in New South Wales currently and we are awaiting the Federal Court decision in relation to the Native Title Tribunal ruling. I can get Ms Beattie to provide some more details in relation to that time frame, but I think that's also where I absolutely appreciate the role of gas in the future of the State's electricity network, particularly for our industrial users of electricity.

**The CHAIR:** I'm glad you've raised that, Minister, because the O'Reilly review into electricity supply and reliability found that, in terms of gas supply for electricity, and I quote, "few believed Narrabri could address forecast shortfalls", and that the issue was gas storage rather than supply. Would you agree that the Narrabri Gas Project, as Mr O'Reilly has said, is not necessary to supply gas to our gas-fired power stations; in actual fact it's storage which is the critical issue?

**The Hon. COURTNEY HOUSSOS:** I would just make a couple of points in relation to that. Obviously, the O'Reilly report reports directly to the Minister for energy and the environment, and I know that she is considering carefully what our response will be. My role as the Minister for Natural Resources, in working closely with the environment Minister, is—I'm obviously mindful of the report and looking at those recommendations and how we work through them, but she is really the best-placed person. There is this intersection between, obviously, resources and energy, and I would just say we work very effectively together, but I do think in relation to specific recommendations of the O'Reilly report it's probably best to direct those to Ms Sharpe.

**The CHAIR:** Since you've been Minister, have you met with Santos?

**The Hon. COURTNEY HOUSSOS:** No. I did meet with them when I was in opposition and I think I have a meeting scheduled in coming weeks. I know my office has engaged with them, but—

**The CHAIR:** Would you be prepared to engage with the Liverpool Plains community, meet with the Liverpool Plains community about their concerns about a future expansion of the Narrabri project?

**The Hon. COURTNEY HOUSSOS:** Yes, absolutely.

**The CHAIR:** That's good news.

**The Hon. COURTNEY HOUSSOS:** Of course, and in fact I think I've said to you in the House I'm happy to go. In fact, we're trying to find a time for me to get up to the Liverpool Plains to be able to meet with a range of community groups. I have met with the Country Women's Association on this issue and someone else—and obviously I've heard your representations, Chair, on this issue.

**The CHAIR:** Thank you, Minister. The chief scientist did a review of coal seam gas and came up with a range of recommendations, some of which have not been implemented. It was the subject of a Legislative Council inquiry. Is the Government committed to implementing all the recommendations of the chief scientist when it comes to coal seam gas regulation?

**The Hon. COURTNEY HOUSSOS:** I'm delighted that you're asking me a question about an inquiry that I wasn't on. I'm happy to come back to you with some more detail on that. I'm not sure whether that was specifically in my portfolio. When was that report handed down?

**The CHAIR:** I think it was in 2020. Ms Boyd was on it, I think. So you will take that on notice?

**The Hon. COURTNEY HOUSSOS:** I will definitely come back to you with some more information on that matter.

**The CHAIR:** The strategic statement on coal exploration outlines three key areas—Coolah South, Giants Creek and Gorman North—as future areas for coal release. Is the Government committed to assisting industry to develop and expand coalmining in those areas as the strategic statement on coal exploration intends?

**The Hon. COURTNEY HOUSSOS:** I'd just make a couple of points in relation to coalmining and expansions. We were really clear before the election that we support the independent planning assessment process of resources projects, and that is the important overarching principle. So that is our key—

**The CHAIR:** That is the development of a potential coalmine, but this is where those potential developments may occur.

**The Hon. COURTNEY HOUSSOS:** Yes, so in relation to those specific areas I'd probably refer you to the CEO of Mining, Exploration and Geoscience to give you specific details. From a whole-of-government approach, we would say that we support an independent assessment of planning of all resources projects. In relation to any expansion of existing coalmines or new coalmines, they would have to go through that independent process, and I would look closely before I think probably providing any further remarks in relation to that, so I might just come back to you on notice in relation to that.

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**The CHAIR:** I'll raise it with Ms Beattie this afternoon.

**The Hon. ROBERT BORSAK:** Minister, I take you again to the budget papers, looking at the interesting entity that is the Transport Asset Holding Entity or TAHE. It's a beast now of a different colour, I suppose, or the same beast being handled or ridden by a new government differently. I quote:

As part of the transition, the Government will no longer require TAHE to provide returns to Government in the form of dividends and income tax equivalents for 2023-24 onwards.

The question is what are the Government's plans to liquidate this corporation, if that is going to be the case.

**The Hon. COURTNEY HOUSSOS:** That's a very good question, Mr Borsak. I'm obviously a shareholding minister, as Minister for Finance, with the different State-owned corporations, so I'm certainly aware at a broader level of the steps that are being taken to turn it from a State-owned corporation into—I've forgotten the exact terminology—a PNFC.

**The Hon. ROBERT BORSAK:** What does that mean? Not-for-profit corporation?

**The Hon. COURTNEY HOUSSOS:** I can tell you this: It's an ABS term that has a specific definition, so I'm going to defer to the secretary for the specific definition.

**MICHAEL COUTTS-TROTTER:** Thanks, Minister. Mr Borsak, the entity is moving from a State-owned corporation structure for-profit entity to a non-commercial public non-financial corporation. There are two broad sectors, the general government sector, where we've got health, education and general public services, and then we've got the PNFC sector, which contains entities like TAHE.

**The Hon. ROBERT BORSAK:** Minister, without a commercial imperative, what's the purpose of this corporation? Is it just holding assets for the time being? Where is it all going—keeping them off the balance sheet, doing what people do occasionally?

**The Hon. COURTNEY HOUSSOS:** Mr Borsak, as you would be aware, as a member of the upper House—were you on that Public Accountability Committee inquiry into it?

**The Hon. ROBERT BORSAK:** Yes.

**The Hon. COURTNEY HOUSSOS:** These are very much questions within the Treasurer's kind of bailiwick. But in terms of my role as the shareholding Minister, I'm broadly aware of where we're headed. I'd certainly make this assessment: The work has started through this budget, but a range of accounting tricks and different measures that were put in place by the previous Government will take years to unwind and unpick. I think managing the transition of TAHE and the management of our rail assets, I have absolute and utmost confidence that our Treasurer is the best placed person to be leading that work, particularly as a result of the long knowledge and detailed knowledge that he gained, and that we saw on public display, through the upper House inquiry into TAHE. Perhaps the secretary can provide you with a bit more detail in relation to the specific measures that are actually being undertaken and what that means.

**MICHAEL COUTTS-TROTTER:** If you like, Mr Borsak, otherwise—

**The Hon. ROBERT BORSAK:** No, I don't think you need to go into all the gory detail just now. I guess where I'm heading for is that without a commercial incentive, one would assume of course that you will still continue to maintain those assets properly, obviously. Are they stranded assets? I think what you're saying is that they're not, but you're moving towards a change in the situation in the longer term.

**The Hon. COURTNEY HOUSSOS:** Absolutely.

**The Hon. ROBERT BORSAK:** Just turning to the disclosures in relation to Landcom and properties and sale of State lands. What's the Government doing to accelerate land releases from Landcom over the forward estimates?

**The Hon. COURTNEY HOUSSOS:** The day-to-day management of Landcom is actually the responsibility of the planning Minister. My role as the shareholding Minister within Landcom is to primarily sort of set the direction through the process through signing off the statements of corporate intent. In relation to those, we are very keen to make sure that we are orientating both our State-owned corporations and the broader government sector to the Government's priorities. As I said earlier, one of the key things that this budget is starting to address is confronting the housing crisis that is here in New South Wales, and that is a result of a failure to build and to keep up with supply and build the appropriate level of supply that we need. We have a government State-owned corporation that is operating in this space, but in terms of the specifics I might actually refer across to—is the secretary the right person to speak to this one?

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**MICHAEL COUTTS-TROTTER:** Yes. I suppose the initiative in the budget, Mr Borsak, of relevance was a decision to allow Landcom to keep and reinvest \$300 million that otherwise would have been paid—

**The Hon. ROBERT BORSAK:** Yes, I saw that.

**MICHAEL COUTTS-TROTTER:** —to the ConFund as dividends to enable the accelerated delivery of about 4,500 social affordable private homes, I think.

**The Hon. ROBERT BORSAK:** Right. So that's really the extent of it?

**MICHAEL COUTTS-TROTTER:** That's the first step, but there is an audit going on of government property holdings. As I understand it, one of the objectives there really is to identify government land that could be used to help accelerate the supply of housing.

**The Hon. COURTNEY HOUSSOS:** And I'd just make this point, Mr Borsak. I think you would have seen the Premier earlier this week speaking again—in fact I think almost every single day he's speaking about the challenges that we face in the housing space. We are very keen to make sure that our government land developer essentially is able to be working in with that agenda. We see in Victoria and in Queensland that they are actually completing more houses than we are per capita. We think that's a really important thing to be addressing. We're going to use all of the levers at our disposal to be able to pursue that agenda.

**The Hon. ROBERT BORSAK:** Just turning to icare for a couple of minutes—I haven't got that long to go and you could write a book about icare and the failings of it in the past decade—what is the Government doing to improve icare, other than just increase the rates on workers comp insurance? I know I've copped a very large increase recently in my latest renewal for workers comp.

**The Hon. COURTNEY HOUSSOS:** That's a great question, Mr Borsak. I don't have any direct responsibilities in relation to icare, but certainly the Minister for Work Health and Safety is working diligently to start to fix the problems from the broken workers compensation system that we've inherited. One of the first decisions that she had to make was in relation to the proposed increase to workers comp premiums. I can assure you that although your bill went up significantly, it would have gone up even more so had it not been for her intervention and the Government's intervention. Perhaps I can pass to the secretary to provide you with those specifics.

**MICHAEL COUTTS-TROTTER:** Minister Cotsis, of course, Mr Borsak, is appearing before the Committee next week, so I wouldn't want—

**The Hon. ROBERT BORSAK:** Okay. I thought you might have had some insight into it, that was all. Just turning to the issue of—and my colleague here talked about it earlier—coal royalties on the industry, what consultations have you undertaken with the industry in relation to where that's likely to go in the future?

**The Hon. COURTNEY HOUSSOS:** You would be aware that we announced in September prior to the budget on the sixth that coal royalties will increase from 1 July next year. That will be the first increase since 2009. What we're going to do is for open-cut coal we'll be increasing them from 8.2 per cent to 10.8 per cent. For underground coal, it will maintain the existing discounts that were in place for underground and for deep underground coal but overall we will see an increase in the royalty rate of 2.8 per cent. This is a significant decision for the Government to take.

Before we took that decision we engaged in close consultation—the Treasurer and myself and the Minister for Energy—directly with the coal industry, also with our key trading partners. The Minister for Energy engaged with the power generation companies as well. Because we were facing a situation where the emergency measures that were put in place that were legislated through the Parliament were coming to an end on 30 June next year. We'd made a commitment before the election that we would not make any changes to royalties while those emergency measures were in place.

There was a range of issues with those emergency measures. I certainly heard that feedback. We raised some of those concerns at the time when the legislation passed through the Parliament. But we do think that it was important, given the budget situation and given the length of time since the last change to the royalty system, that we re-evaluate whether New South Wales is getting a fair return for its natural resources. But in that process we engaged closely with the coal industry directly, like I said, through the peak organisations and also with our key trading partners and the power generation companies. I have to say, as a result of that consultation process, we certainly took the feedback that we got on board and came up with a system that we believe is fit for purpose for here in New South Wales.

**Ms ABIGAIL BOYD:** Minister, I wanted to ask you quickly about Revenue NSW chasing the hotel quarantine bills. It was reported that there are 17,750 people being chased for \$39.3 million dollars, and that

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garnishee orders were being used to recover directly from people's bank accounts. I understand that the minimum amount to be left in someone's bank account under the current rules is around \$570. Do you think that, given inflation and the cost-of-living crisis and how expensive rents are, that's an appropriate minimum level?

**The Hon. COURTNEY HOUSSOS:** I very much thank you for the question. It has been well publicised and discussed publicly. This is one of those legacy issues that we are dealing with, these fees that were due to be paid for people who were trying to return home during a really difficult period. I understand that this was something that was done during the previous Government's period in office but it is left to us to collect the money. I think the thing that is really driving us is that these are outstanding bills that have to be paid. We are doing that. I'll talk you through just the process of what is going through. I spoke earlier about Revenue. The thing that has really impressed me is the way they engage and their approach to engagement. There is a minimum of three attempts that are undertaken to contact a person before the garnishee—

**Ms ABIGAIL BOYD:** Because of the time, I might come back to the officials in the afternoon. But we've got a situation where, for a period of time, that quarantine was funded entirely by the Government even when it was in hotels. People were coming home; they weren't doing this by choice. For \$39.3 million, is it worth inflicting this amount of hardship on thousands of people in order to get this money back for something that was done to people? It's not something that they chose to do.

**The Hon. COURTNEY HOUSSOS:** I accept that it was a really difficult time, but we are in a very tight fiscal situation so we are seeking to recover that money. I do think that the people who incurred those debts were advised of them at the time. I'm happy to take on board your feedback about the \$570 and whether that's an appropriate amount. We're looking at a ring of measures within Revenue to make our fines system fairer and make sure we are giving people appropriate payment options. Ultimately, I think we also have to be fair to the 140,000 people, roughly, who have paid their quarantine fee debt—who have actually come back and paid the money.

I encourage people who find themselves in a difficult situation to certainly reach out to Revenue NSW and engage with them to put a payment plan in place or the like. Garnishee orders are right at the end of the process, so to speak. Revenue NSW makes, like I said, a minimum of three attempts to contact them. There is a range of measures in place to give them opportunities to say, "Look, I'm having trouble. I'm not sure I can make this payment. Can we enter into a payment arrangement?" I'd be happy to hand over now. I think the bell has just gone, but perhaps this afternoon we can give you some more detail on that.

**Ms ABIGAIL BOYD:** Thank you, Minister.

**The Hon. DAMIEN TUDEHOPE:** Minister, you will recall that in the last Parliament Labor introduced a private member's bill, the NSW Jobs First Bill. Do you recall that bill?

**The Hon. COURTNEY HOUSSOS:** I do recall the bill in general terms.

**The Hon. DAMIEN TUDEHOPE:** You'll recall that there was a definition of "local industry" in that bill?

**The Hon. COURTNEY HOUSSOS:** I don't recall that level of detail of the bill.

**The Hon. DAMIEN TUDEHOPE:** In that bill "local industry" was defined as "businesses based in Australia or New Zealand". Is that your understanding of "local industry"?

**The Hon. COURTNEY HOUSSOS:** I think you raise an important point in relation to domestic manufacturing capabilities. Certainly we want to see that money spent here in New South Wales wherever we can and to build that capacity. If we have to go elsewhere, then we'll have to make that consideration. But I certainly haven't signed up to a definition of what that is yet.

**The Hon. DAMIEN TUDEHOPE:** You haven't signed up to a definition of "local industry"?

**The Hon. COURTNEY HOUSSOS:** No, I haven't developed a legislative framework yet. As I think I made really clear through my questioning today, Mr Tudehope, we're not in the business of making rash decisions. We're working through these big and complex problems that you have left us in a careful and methodical way. I'm not going to commit to a definition of local manufacturing that you put to me here today.

**The Hon. DAMIEN TUDEHOPE:** It's not my definition, Minister. It was your definition contained in Labor's bill, was it not?

**The Hon. COURTNEY HOUSSOS:** That was a definition that was proposed in a bill that was introduced in the Legislative Assembly, I recall—

**The Hon. DAMIEN TUDEHOPE:** By the Labor Party.

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**The Hon. COURTNEY HOUSSOS:** —in 2020 or 2021.

**The Hon. DAMIEN TUDEHOPE:** It was 2022.

**The Hon. COURTNEY HOUSSOS:** It was 2022? Okay. Of course that would be part of our considerations.

**The Hon. DAMIEN TUDEHOPE:** You'd agree, then, that awarding a contract to a firm in Hobart isn't awarding a contract to a firm in New South Wales, is it?

**The Hon. COURTNEY HOUSSOS:** I think you might be leading me into a specific set of questions. Maybe you should keep going.

**The Hon. DAMIEN TUDEHOPE:** No, it's a fairly straightforward question.

**The Hon. COURTNEY HOUSSOS:** Are you asking me in relation to the procurement of new ferries?

**The Hon. DAMIEN TUDEHOPE:** I'm just asking you in respect of that question that I asked you.

**The Hon. COURTNEY HOUSSOS:** Well, let's speak about the ferries contract that did go to Tasmania—

**The Hon. DAMIEN TUDEHOPE:** I haven't asked you about that. I asked you about awarding a contract to a firm in Hobart. It's not awarding a contract to a firm in New South Wales, is it?

**The Hon. BOB NANVA:** Point of order: Chair, it's very clear what the inference is. The Minister has wide enough latitude to be able to answer that question given the inference and the manner in which Mr Tudehope is asking it.

**The Hon. CHRIS RATH:** To the point of order: I think these sessions work best when it's question and answer. Mr Tudehope asked a specific question that should have a specific response. It's not an opportunity for the Minister to invent her own questions that she would like to answer, which is where the Minister was leading.

**The Hon. BOB NANVA:** Further to the point of order: The Minister is providing important context in order to answer that question.

**The CHAIR:** I won't uphold the point of order. The member did ask a specific question that didn't relate to ferries. I encourage the Minister to answer the question.

**The Hon. COURTNEY HOUSSOS:** Sorry, I think the question asked me whether Tasmania was in New South Wales, which it is clearly not.

**The Hon. DAMIEN TUDEHOPE:** Good, thank you.

**The Hon. BOB NANVA:** I'm glad we cleared that up.

**The CHAIR:** Well, it used to be.

**The Hon. CHRIS RATH:** In the early 1800s. Minister, previously in one of your earlier responses you said that your election commitments were very clear and that you were implementing them. I note that before the election the Premier made several social media posts stating "Build things in New South Wales" and "We'll build things here in New South Wales again". He even posted about building ferries in New South Wales. Do you agree with these social media posts and messages?

**The Hon. COURTNEY HOUSSOS:** Yes, I would like to build more here in New South Wales.

**The Hon. CHRIS RATH:** Would you like to build ferries here in New South Wales?

**The Hon. COURTNEY HOUSSOS:** If we can build ferries here in New South Wales that would be fantastic, Mr Rath. But after 12 years of your Government failing to deliver any local procurement we are in the process of trying to rebuild a domestic manufacturing system. As I have outlined, that cannot happen overnight. That is not a switch that we can flick, as your Government was advised by industry for years. For years industry tried to meet with your transport Ministers and with senior Ministers in your Government to say, "We need a pipeline of projects." The decision that your Government took was to send those billions of dollars' worth of taxpayer funds overseas.

**The Hon. CHRIS RATH:** Minister, I have here a copy of an infographic with a big picture of a ferry from the Premier that says, "Let's build these in New South Wales." And then another post from the Premier—you can have this copy, Minister—states, "We will build these here again", with an arrow pointing down to a ferry. Do you stand by those social media posts by the Premier—

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**The Hon. Dr SARAH KAINE:** Point of order: The Hon. Chris Rath has asked the same question twice.

**The Hon. CHRIS RATH:** That wasn't the same question.

**The Hon. Dr SARAH KAINE:** "Do you stand by"; it was the same wording, Mr Rath. It was the same question twice. The Minister has answered the question. Also, and I am new, but I believe it's convention that if something is being cited, all members get a copy so we can all have a look at it before it's referred to. I would appreciate that.

**The Hon. CHRIS RATH:** I'm happy to table the document.

**The CHAIR:** Yes, if you could table the document that would be appreciated. We could all get a look at the ferries. I don't uphold the point of order. The member was asking a slightly different version of a question he asked previously. He is allowed to do that. I'll allow the question.

**The Hon. COURTNEY HOUSSOS:** I haven't got a copy of the document yet, but I'm assuming that it was probably in response to the previous Liberal Government's decision to purchase 10 overseas River Class ferries in October 2021. Those ferries faced such issues as not being able to fit under some bridges—

**The Hon. CHRIS RATH:** Minister, the question wasn't about the previous ferries—

**The CHAIR:** Order!

**The Hon. COURTNEY HOUSSOS:** When the former Government bought ferries from Indonesia—

**The Hon. Dr SARAH KAINE:** They couldn't fit!

**The Hon. COURTNEY HOUSSOS:** —they were too high.

**The Hon. CHRIS RATH:** Point of order: The question wasn't about the previous ferries. The question was about social media posts stating, "We will build these here", which has nothing to do with the previous Government's decision.

**The Hon. STEPHEN LAWRENCE:** To the point of order—

**The CHAIR:** I'll rule on the point of order. "These" was a reference to ferries. The Minister is providing some context regarding the construction of ferries in New South Wales and Hobart, or wherever. I will not uphold the point of order. The Minister has the call.

**The Hon. COURTNEY HOUSSOS:** There's some great social media content here. I really encourage people to check it out. It certainly came off the back of the previous Government's decision to purchase ferries that people were literally risking decapitation if they were on the upper decks as they went up the Parramatta River. Yes, we would like to build ferries here. We think that it is fantastic to foster a domestic manufacturing industry. We think that the record of your Government in its procurement policies to send these projects overseas, not only sent those valuable procurement dollars overseas, but got a substandard product for the people of New South Wales.

**The Hon. CHRIS RATH:** With the \$49.6 million spent with Richardson Devine Marine Constructions in Hobart, Tasmania, that's a clear example, isn't it Minister, that you failed the Premier's commitment to build ferries in New South Wales as per the social media posts?

**The Hon. COURTNEY HOUSSOS:** I mean, I think we'd been in office about 60 days when we had to take that decision. There is no doubt that, as I have outlined here in a range of ways this morning—indeed, these hearings are directly in relation to the budget that we handed down. That is not coming from a standing start. We have to deal with what we were given. When your Government took deliberate decisions to decimate the domestic manufacturing industry, then we of course have to live with what we've got. There was not a single New South Wales tenderer in that process.

**The Hon. CHRIS RATH:** What about 17 Transport for NSW contracts worth \$23 million spent outside of New South Wales since you came to office? Isn't that another broken commitment by this Government.

**The Hon. COURTNEY HOUSSOS:** That is the legacy of your previous Government. A legacy that we are desperately trying to fix, but that will take time, Mr Rath.

**The Hon. SARAH MITCHELL:** How long, Minister?

**The Hon. COURTNEY HOUSSOS:** We cannot turn it off like a tap. As I outlined earlier, your aspiration was to send projects overseas. Our aspiration is to build them here, and we won an election off the back of that. We are absolutely committed to doing what we can to rebuild that industry here in New South Wales. That's why I've got this new portfolio.

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**The Hon. CHRIS RATH:** Minister, you didn't sign the RTBU pledge, Build Them Here, but 25 of your Labor MPs did, including 11 now Ministers. Why didn't you sign the pledge?

**The Hon. COURTNEY HOUSSOS:** I wasn't aware of the pledge.

**The Hon. CHRIS RATH:** They didn't come to talk to you about the pledge to build things here? I see Mr Nanva signed the pledge.

**The CHAIR:** He probably wrote it. Didn't he write it?

**The Hon. STEPHEN LAWRENCE:** Point of order: I just note that this pledge, which I was also unaware of—

**The Hon. Dr SARAH KAINE:** Me too.

**The Hon. STEPHEN LAWRENCE:** —was presumably signed and created before the election. I'm not sure how it could be relevant to the task before us.

**The Hon. CHRIS RATH:** To the point of order: Election commitments made during the election, which the Minister is now directly responsible for as the Minister for domestic manufacturing, is highly relevant to this hearing today.

**The Hon. Dr SARAH KAINE:** To the point of order—

**The Hon. STEPHEN LAWRENCE:** It's not an election commitment.

**The Hon. Dr SARAH KAINE:** That's right.

**The Hon. STEPHEN LAWRENCE:** It's not an election commitment, and nor, I would say, is a social media post. It's not an election commitment.

**The CHAIR:** That's a debating point.

**The Hon. SARAH MITCHELL:** So you're not planning on building anything here. You guys don't even know your own policy.

**The CHAIR:** I'll rule on the point of order. I won't uphold the point of order. I think it is germane to the inquiry to investigate this area, so I won't uphold the point of order.

**The Hon. CHRIS RATH:** In the pledge, and I take your word that you haven't seen the pledge—

**The Hon. COURTNEY HOUSSOS:** Have you got a copy of it?

**The Hon. CHRIS RATH:** Yes, I do, and I'll table that as well.

**The Hon. COURTNEY HOUSSOS:** I'd love to see a copy of it.

**The Hon. CHRIS RATH:** Happy to table that. In the pledge it says, "designing, building, and maintaining our trains, trams, buses and ferries in New South Wales and supporting procurement policies that mandate the use of local content on government transport contracts". Do you support that, Minister?

**The Hon. COURTNEY HOUSSOS:** I'll just wait until I get a copy of it. The candidate's pledge:

I pledge that if I am elected I will support building our public transport in NSW. I will:

- Commit to designing, building, and maintaining our trains, buses, ferries and trams in NSW - creating jobs for local workers.
- Support procurement policies that mandate the use of local content on government transport contracts, with preference given to local manufacturers, suppliers, and service providers.
- Make safety and reliability a priority in the procurement of the new public transport, and consult with end users through every step of the process; and
- Invest in the TAFE system to ensure we have a skilled manufacturing workforce.

I will advocate within my party and use my vote in parliament to honour my commitment.

I'd be happy to sign this today, Mr Chair, if allowed.

**The Hon. CHRIS RATH:** And you've been completely unaware of it? The 25 Labor MPs, including 11 that now sit around the Cabinet table, they signed this pledge and they've never once raised it with you as the Minister for domestic manufacturing? I see that the Minister for Transport happily signed the pledge during the election. She hasn't spoken to you about domestic manufacturing of ferries or trains in line with that pledge?

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**The Hon. COURTNEY HOUSSOS:** No, absolutely, the Minister for Transport has spoken to me about domestic manufacturing in relation to transport and trains. I speak to her all the time, and specifically in relation to this challenge. There is no way that we are going to be able to build trains in New South Wales without us working closely together. I mean, the point I'd make about the pledge, Mr Rath, is our election commitments, if I compare our election commitments in relation to this—

**The Hon. CHRIS RATH:** You haven't done anything about them.

**The CHAIR:** Order! The Minister is answering the question. Interjections are disorderly at all times.

**The Hon. COURTNEY HOUSSOS:** Again, Mr Rath, I'm delighted with your obsession with unions and the Labor movement. I would be happy to sign the pledge today. This is an excellent candidate's pledge. I can see why the transport Minister signed on. I've been in the portfolio for—I think it's about two months. I think it's a great pledge. I would have happily signed it during the election campaign. I was a little bit busy in Riverstone.

**The Hon. CHRIS RATH:** Were you not responsible for procurement since you became Minister for Finance?

**The Hon. COURTNEY HOUSSOS:** I'm sorry; I missed that.

**The Hon. CHRIS RATH:** You are the Minister for procurement since you became the Minister for Finance.

**The Hon. COURTNEY HOUSSOS:** Yes, that's true. I was responsible for procurement in relation to the existing devolved structure. Indeed, in assessing the limitations of that devolved structure with the Premier, I think he's made it pretty clear in his commitment to that, he wants me to work with my ministerial colleagues and drive domestic manufacturing through government procurement.

**The Hon. DAMIEN TUDEHOPE:** In relation to the comprehensive expenditure review, was it you who identified the \$150 million, which was budgeted for palliative care funding, to be cut?

**The Hon. COURTNEY HOUSSOS:** Mr Tudehope, I note that you have asked the Premier and the Treasurer before this Committee those same questions. Indeed, the Minister for Health was asked the same questions. What I can tell you is the facts. The facts are that palliative care funding will increase by 6.8 per cent this year and 8 per cent next year.

**The Hon. DAMIEN TUDEHOPE:** The Premier gave a similar answer. But do you also agree that the comprehensive expenditure review identified \$150 million to be cut from palliative care? Do you agree with that?

**The Hon. COURTNEY HOUSSOS:** Sorry, do I agree with?

**The Hon. DAMIEN TUDEHOPE:** That \$150 million has been cut from the funding, which was allocated by the previous Government, for palliative care?

**The Hon. COURTNEY HOUSSOS:** I am telling you what the facts are in the budget papers, which is exactly the same response as the Premier gave you, exactly the same response as the Treasurer gave you, exactly the same response as the Minister for Health. Indeed, the other members of the Committee would have heard the same response, which is this year we will be increasing funding by 6.8 per cent to palliative care, and a further 8 per cent the following year.

**The Hon. DAMIEN TUDEHOPE:** So there has been no cut to palliative care funding?

**The Hon. COURTNEY HOUSSOS:** I am telling you the facts, Mr Tudehope.

**The Hon. DAMIEN TUDEHOPE:** Is there a cut to palliative care funding, Minister?

**The Hon. COURTNEY HOUSSOS:** You can keep asking me the same question—

**The Hon. Dr SARAH KAINED:** Point of order—

**The Hon. COURTNEY HOUSSOS:** —and I will keep giving you the same answer.

**The Hon. DAMIEN TUDEHOPE:** This is a direct question.

**The Hon. Dr SARAH KAINED:** Mr Tudehope, again, is veering into the disrespectful behaviour side of the equation, and I would have thought by this time in the afternoon that maybe he would have realised that that's not fruitful.

**The CHAIR:** I won't uphold the point of order. But, Mr Tudehope, if you could allow the Minister to answer the question before firing off another one, that would be good for the conduct of the Committee.



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**The Hon. DAMIEN TUDEHOPE:** It's a yes or no: Has \$150 million been cut from the palliative care budget? And I accept that there is an increase of funding in the budget for next year and the year after, but has \$150 million been cut from the palliative care budget?

**The Hon. COURTNEY HOUSSOS:** Mr Tudehope, this is a little bit—

**The Hon. SARAH MITCHELL:** The Premier admitted it.

**The Hon. DAMIEN TUDEHOPE:** The Premier did admit that.

**The CHAIR:** Order!

**The Hon. SARAH MITCHELL:** The Premier admitted it.

**The Hon. COURTNEY HOUSSOS:** —boring for you and for your colleagues, but you've asked me the same question four times in a row—

**The Hon. DAMIEN TUDEHOPE:** And will you give me an answer?

**The Hon. COURTNEY HOUSSOS:** —so I'm going to give you the same answer, which is the same answer that the Premier, and the Treasurer and the Minister for Health have given you, which is this year's budget increases palliative care funding by 6.8 per cent, and next year—

**The Hon. DAMIEN TUDEHOPE:** It's a yes or no answer.

**The Hon. COURTNEY HOUSSOS:** —increases it by 8 per cent.

**The Hon. BOB NANVA:** Point of order: Mr Tudehope is entitled to ask the same question over and over again but not when it is veering into badgering the witness.

**The Hon. SARAH MITCHELL:** The Premier literally sat here and said that that money is now going to go to employ nurses. He admitted it.

**The Hon. DAMIEN TUDEHOPE:** It's a disgraceful position.

**The CHAIR:** Order!

**The Hon. BOB NANVA:** I would just say that that is in breach of paragraph 19 of the procedural fairness rules. I would ask that you uphold them.

**The CHAIR:** I uphold the point of order. It is discourteous to be interjecting, as I have previously ruled, over the top of a Minister who is answering the question. It may be not in the way that the honourable member would like, but the Minister is answering the question and is being relevant.

**The Hon. DAMIEN TUDEHOPE:** Minister, can I ask you, is it the case that \$150 million—this is in relation to that. I accept the 6 per cent and the 7 per cent. Will you accept that \$150 million has been cut from the palliative care budget?

**The Hon. SARAH MITCHELL:** The Premier admitted it. He said yes.

**The CHAIR:** Order!

**The Hon. COURTNEY HOUSSOS:** Mr Tudehope, I am going to give you the same—

**The Hon. DAMIEN TUDEHOPE:** So you are not going to answer it.

**The CHAIR:** Order!

**The Hon. STEPHEN LAWRENCE:** Point of order—

**The Hon. COURTNEY HOUSSOS:** You have asked me the same question five times. You have asked me the same question that you have asked the Premier—

**The CHAIR:** Order! A point of order has been taken by Mr Lawrence.

**The Hon. COURTNEY HOUSSOS:** —and the Treasurer and the Minister for Health and we are all giving you the same answer because it's the same budget paper. It's the same answer.

**The Hon. SARAH MITCHELL:** You are not giving the same answer.

**The CHAIR:** Order! Minister, Mr Lawrence has the call.

**The Hon. STEPHEN LAWRENCE:** My point of order is that it's discourteous and in breach of the resolution to ask a question and then, within two seconds, interrupt.

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**The Hon. DAMIEN TUDEHOPE:** It's not a good answer. Courtney, what a disappointment.

**The Hon. SARAH MITCHELL:** Do better.

**The Hon. DAMIEN TUDEHOPE:** Can you do better?

**The CHAIR:** I completely agree. I uphold the point of order. Mr Tudehope, please allow the Minister to answer.

**The Hon. DAMIEN TUDEHOPE:** Minister, in relation to that cut in the funding, did you do any consultation with the industry before you made that cut?

**The Hon. COURTNEY HOUSSOS:** The consultation process that I outlined earlier was in relation to matters that were directly in my portfolio. The issue of palliative care is one that is directly within the Minister for Health's portfolio. I would suggest that you—his hearing has already passed so perhaps you need to ask him that question next year.

**The Hon. DAMIEN TUDEHOPE:** Although the cut has been made in your comprehensive expenditure review, you never conducted any consultation with the industry in relation to it about whether the industry was capable of spending that money. The evidence has been provided that the funding could not be spent by the palliative care industry. Is that your understanding?

**The Hon. COURTNEY HOUSSOS:** In relation to your question about the comprehensive expenditure review, I can tell you this: In a very short period of time, we conducted over 100 meetings—I think the Treasury advised me—in order to reprioritise and find savings measures that totalled \$13 billion. That was a process that was, I would say, gruelling.

**MICHAEL COUTTS-TROTTER:** I would say gruelling, too.

**The Hon. COURTNEY HOUSSOS:** I accept the secretary's analysis as well. That was a process that we undertook in good faith in order to begin to repair the budget. That was a process where we engaged closely with portfolio Ministers. If you have specific questions in relation to consultation or advice received, I would suggest that you ask the—

**The Hon. DAMIEN TUDEHOPE:** So you cut funding for people dying and in pain.

**The CHAIR:** Order! Mr Tudehope, that is a comment.

**The Hon. SARAH MITCHELL:** Savings is cuts.

**The CHAIR:** Minister, which type of revenue delivers more for the people of New South Wales: speeding fines or minerals royalties from non-coal sources?

**The Hon. COURTNEY HOUSSOS:** That is an excellent question, Chair. I appreciate the pop quiz. I have to say, I don't know the answer to that question. You've got a smile, which seems to imply that you might know the answer.

**The Hon. SARAH MITCHELL:** I reckon he knows.

**The Hon. DAMIEN TUDEHOPE:** I bet Cullen knows.

**The CHAIR:** Is it (a)—no, I won't do (a) (b) (c) or (d). Surprisingly, it is speeding fines by about 400 per cent. Non-coal royalties deliver \$200 million to the people of New South Wales, in terms of revenue. Do you think that is an appropriate, fair amount of money to be returned to the people of New South Wales for their minerals being extracted by private entities? Is that a royalty that you would consider reviewing in the context of the critical minerals and high-tech metals consultations?

**The Hon. COURTNEY HOUSSOS:** You make a really good point. I encourage you to make a submission—in all your spare time—into our strategy. I think that is certainly something that we could be considering. I would also raise the point that was made to me, particularly earlier this week at the International Mining and Resources Conference that was held here in Sydney and at the consultation earlier this week. The question of attracting investment to critical minerals and high-tech metals projects in New South Wales is actually a global race that we are facing.

I take on board your feedback in relation to the relatively small amount of royalties that are being returned, but I would just make this point: Other States—including Queensland, I know—are pursuing royalty-free periods for some critical minerals projects. So it's a balance that we have to do. We can't compare, in some ways, the coal royalty system, which is a really well-established and highly functioning part of our mining sector, with

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the critical minerals part of it, in terms of the stage of development that the sector is in. I don't think we can compare apples with apples, if you understand what I am saying.

**The CHAIR:** I understand. The budget papers—and I referred to this previously—refer to non-quantifiable contingent liabilities, and mine rehabilitation being a significant one of those. Rather than not being non-quantifiable, is it just that they are unquantified and that we haven't put the resources into quantifying what those significant liabilities are, in terms of mine rehabilitation? Is that something that your Government could or should do?

**The Hon. COURTNEY HOUSSOS:** That is an excellent question. In relation to mine rehabilitation, there are a couple of components of that. The first part is that, I would say, at the moment, we have a very rigorous system in place in relation to the bonds that mines are required to hold with Treasury. There are specific ratings around those bonds. I could get the secretary to provide you—perhaps that might be an issue you want to pursue this afternoon with the secretary and also with the CEO of MEG because the question of the rehabilitation of existing mines, I would say, is a very robust system.

**The CHAIR:** I will this afternoon.

**The Hon. COURTNEY HOUSSOS:** In relation to the legacy mines, we've been mining in New South Wales since the very early days of New South Wales, and there haven't always been rigorous systems in place. There is an existing program in place for legacy mines, and I think there's two different parts to that. The other thing that I would say in relation to the rehabilitation of mines that I am really interested in—and it's certainly something that we discussed during my visit to Mount Arthur coalmine. That is a coalmine in the Hunter Valley that is next slated for closure.

They have just put in an application for an extension. They want to close that in 2030. It's the biggest single employer mine site in the Hunter Valley. It's located really close to Muswellbrook. I have certainly received representations from local government but also more broadly that the existing rehabilitation requirements mean that it essentially needs to be returned to as it was recovered, which is virgin farmland—whether that's the best use of essentially what is industrial land at the moment—and a requirement to remove all of the existing infrastructure—the roads, the train lines—on a site that is located so closely to a major centre. That is certainly something that I am really interested in and we are going to be doing some more work in.

**The CHAIR:** This is quite a long question so bear with me. The NSW Labor platform 2023 includes "site rehabilitation for employment and conservation purposes" among the functions of each of Labor's four planned future jobs and investment authorities. However, more recent statements by the Government omit rehabilitation and conservation from the functions from any such authority. Will the forthcoming authorities have mine rehabilitation and post-mining land use for purpose, including conservation, within their remit?

**The Hon. COURTNEY HOUSSOS:** I would say post-mine land use is one of the key things that the future jobs and investment authorities will be looking at. We have to get that balance right between conservation and repurposing the land to ensure that we continue to support jobs. I think it's a balance that we need to find. Mount Arthur is the most concrete example that I can point you to because it's such a large site and there are some real opportunities for us. I know they're looking—in fact I think they're consulting with the community at the moment on a specific plan that looks at conservation on part of the site, potentially some farming on part of the site, a pumped hydro system in the void. They are in the middle of a feasibility study in that process as well. Given the scale of these sites, I would certainly say that conservation will play a role as part of that.

**The CHAIR:** And rehabilitation?

**The Hon. COURTNEY HOUSSOS:** Absolutely.

**The CHAIR:** Minister, the Mining Act and the Onshore Petroleum Act, is it your intention to conduct a statutory review into these Acts to see whether or not they are fit for purpose or whether they could be modified, improved or amended? Is it your intention to do that in this term of government?

**The Hon. COURTNEY HOUSSOS:** I certainly haven't made any decisions either way on that yet.

**The CHAIR:** Minister, you would be aware of a proposal for a mine—the Bowden mine—at Lue?

**The Hon. COURTNEY HOUSSOS:** Yes.

**The CHAIR:** A lead and silver mine—clearly critical minerals.

**The Hon. COURTNEY HOUSSOS:** Yes.

**The CHAIR:** Are you aware of the community concerns around that proposal, and what are you doing to consult with that community to make sure that that proposal does not—as they suggest in their beautiful

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document, *The Spirit of the Region*—undermine their capacity to farm and do many of the other things in that area?

**The Hon. COURTNEY HOUSSOS:** Yes. I want to thank you for that question in relation to Bowdens silver project. That is a State significant development and it was approved by the Independent Planning Commission in April, just not long after—or perhaps even on the same day, or days after—I was sworn in as the Minister. I do know that this has received a large amount of media coverage with concerns from the local community, and I know that members of Parliament have raised those concerns with me. I have met with Bowdens, the proponents of the mine. That is available in my public meeting disclosures. I am certainly aware that there is an action group locally as well, yes.

**The CHAIR:** Are you prepared to meet with them?

**The Hon. COURTNEY HOUSSOS:** Yes, of course.

**The CHAIR:** Fantastic. Minister, four petroleum exploration licences renewed by the previous Government extend across 1.2 million hectares of land in north-west New South Wales, affecting some of our most vital groundwater resources, including the productive groundwater of the Liverpool Plains and aquifers of the Great Artesian Basin. These licences predate the recommendations of the Chief Scientist's report and the Strategic Release Framework. Minister, how will you ensure that before any further coal seam gas exploration activities are carried out these PELs are assessed under the New South Wales contemporary framework for managing impacts?

**The Hon. COURTNEY HOUSSOS:** In relation to those specific exploration licences, I might get the CEO just to give you a bit more specific detail. I am very across the detail of one particular one in relation to Kahlua wells and the reactivation of that particular mine, but more broadly it might be helpful for the CEO just to give you some details.

**GEORGINA BEATTIE:** Mr Buckingham, there are four petroleum exploration licences that exist in New South Wales and they were renewed in April 2022, and that was a renewal of existing titles. They were actually originally granted quite some time ago, so they are an existing title that came into effect before that Strategic Release Framework you mentioned.

**The CHAIR:** Yes, but with new approvals—for activities within those PELs—how are you ensuring that the recommendations from the Chief Scientist apply to that?

**The Hon. COURTNEY HOUSSOS:** I am happy to come back to you with some more detail on that, Mr Buckingham.

**The CHAIR:** Thank you. In terms of the transition, and the future jobs and investment authorities, are you aware of the work—well, I know you are aware because I have lobbied on behalf of them—that the Lithgow community has been doing through their LEEP, and how are you going to ensure that the work that they are self-funding can be expedited as they transition away from coal-fired power and coal?

**The Hon. COURTNEY HOUSSOS:** That's an excellent question. I have met with Lithgow council and I am aware of the work that they have done and the special rate variation that they sought. There is no doubt that we have a lot of work to do in the Central West because, specifically in relation to their mines, you would be aware that they have no access to export ports, as we discussed before. There is a particular challenge in terms of the local employment needs for that particular region. Our future jobs and investment authority for the Central West will be clearly focused around those challenges. I am headed out there I think next week to conduct a similar kind of roundtable to what I did in the Hunter. I really want to meet and engage with the local community, as well as with the council, and just hear about—as we try to chart a way forward for that particular part of the State. This is why we have established the four separate regional local authorities.

The point—I'm not sure I made it earlier—is the Federal Government's Net Zero Authority has some great opportunity for the Federal Government and the State Government to work together in this space, and that is what I am interested in doing—leveraging that Federal Government support in order to support these local communities. We don't just need local government headed off in one direction, the State Government headed off in another and the Federal Government heading off in another. I often talk about the convening power of government to bring everyone together and to clearly develop a plan and a pathway forward for these regions. This is a huge economic change to the local community. It's going to have really significant and long-lasting consequences. But I am also not prepared to rush into it. We have to do this, but we have to get it right, and we have to make sure that the workers who no longer have jobs have the right skills and supports in place to be able to ensure that they can go on and find other work.

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**The CHAIR:** One of your areas that you are working in is supporting manufacturing in this State. The Intergenerational Report identifies high-tech manufacturing as a key area for economic development and new jobs into the future, and within that is advanced medical manufacturing. What are we doing to attract that sector in this State and supporting the growth of that sector to the betterment of the people of New South Wales?

**The Hon. COURTNEY HOUSSOS:** You have just highlighted some of the great opportunities. Often when we talk about domestic manufacturing and government procurement we immediately turn our minds to big transport projects. Obviously there are some huge opportunities with building our trains locally or other, like I say, major transport factors. But you're right. When it comes to advanced manufacturing and health procurement dollars, I have met with a number of different pharmaceutical or in-the-health-space manufacturers who are interested in manufacturing here.

The iconic cochlear implants are built not too far from here, and they have a long and fantastic history in this State. But I think we can be doing more and I am certainly looking forward to—and I have had discussions with the Minister for Health—the way we can, across all different parts of our Government, use those valuable procurement dollars to stimulate those local innovations, and then getting them through to manufacturing. The lead time and the regulation of medical manufacturing is largely done at a Federal level as well. So there is going to be a need for us to work in with our Federal counterparts in relation to that as well.

**Ms ABIGAIL BOYD:** Can I just ask you about Scyne Advisory, looking back at the restrictions that were placed on PwC when that scandal first hit. I understand that Scyne Advisory is now sort of up and running and seeking to get business from government clients. Have you met with them already?

**The Hon. COURTNEY HOUSSOS:** No, I haven't—I don't think that I have met with them, specifically. I might just refer you to—the deputy secretary is looking at me with these knowing sort of eyes. She has some more information for you.

**SONYA CAMPBELL:** Thank you, Minister. Just to confirm: The Minister hasn't, but the NSW Procurement team have met with them.

**Ms ABIGAIL BOYD:** Will the Procurement team be putting in place a similar monitoring process to what the Federal Government is imposing onsite?

**SONYA CAMPBELL:** No decision has been made on that yet, Ms Boyd, but those are matters that are being considered by the Procurement Board.

**Ms ABIGAIL BOYD:** Minister, what measures do you think would be appropriate in relation to any attempts to engage this new advisory group?

**The Hon. COURTNEY HOUSSOS:** I would just make a few comments in relation to consultants. I would very much say that we are following the work that your committee and your committee members are doing closely, because we really want to change the way that consultants are used by the New South Wales Government. There is no doubt that there is a need for specialised expertise to be brought in from time to time. I know that within, for example, some of my own directly responsible areas there's a need for specialised actuarial advice or some kind of very specialised technical support. But the way that the previous Government—and we have canvassed this extensively through the Auditor-General's report—spent over \$1 billion on consultants, broadly contracting out key functions of government, that is something that I am directly keeping a close eye on, and we have made specific savings measures in relation to that.

**Ms ABIGAIL BOYD:** Just specific, just because I've only got a minute left—

**The Hon. COURTNEY HOUSSOS:** I'm sorry.

**Ms ABIGAIL BOYD:** That's okay.

**The Hon. COURTNEY HOUSSOS:** You've got me on an issue that I am quite passionate about. In terms of the specific measures, I might come back to you on notice with those ones, if that's okay.

**Ms ABIGAIL BOYD:** Okay.

**The Hon. COURTNEY HOUSSOS:** You would be aware that we passed legislation through the Parliament to put additional requirements around the confidentiality arrangements that are in place. I would certainly be open to putting more things in place. I would say this: We are very much looking forward to the report of your committee and taking appropriate action as required.

**Ms ABIGAIL BOYD:** Just in the last 15 seconds, as you will know, I put forward a proposal that we gather payroll tax out of these consulting firms in New South Wales. At the time you said you needed more time to think about it. Will there be any moves to close that loophole for consulting firms?

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**The Hon. COURTNEY HOUSSOS:** As I said to you at the time—and as I think I said in the House at the time—it's something that we are looking at. I'm not in a position to make an announcement today, but I'm certainly open to having a discussion in this space.

**The Hon. DAMIEN TUDEHOPE:** Minister, yesterday or the day before, we had the Treasurer before us and we had the Treasury team in the afternoon, and we went through the comprehensive expenditure review. In a question on notice which we asked you earlier about the components of the comprehensive expenditure review, you were not able to tell us about the amounts which were attributable to each of the components in relation to the comprehensive expenditure review. Can you now do that? Which amounts actually made up to the \$13 billion?

**The Hon. COURTNEY HOUSSOS:** Mr Tudehope, you have asked me about four questions there. You asked me a question on notice in relation to the comprehensive expenditure review, which I provided you an answer with. I know the Treasurer provided you with some detail in relation to that, and there's some detail in the budget papers.

**The Hon. DAMIEN TUDEHOPE:** Yes, but there were some specific things in relation to how the \$13 billion was arrived at. Are you able to give us the detail of how that \$13 billion was arrived at?

**The Hon. COURTNEY HOUSSOS:** I can assure you that, as part of the \$13 billion, as I have outlined previously, there's—about half of that is in relation to budget savings measures and about half of that is in relation to budget reprioritisation measures. The half that is in relation to budget reprioritisation was us delivering on a range of our election commitments, where we said we would refocus spending on improving public services, building schools in Western Sydney and in regional New South Wales, fixing health services across regional New South Wales and across Western Sydney. So that was the half. The other half was in relation to specific savings measures.

**The Hon. DAMIEN TUDEHOPE:** That's fine. I think the two figures that you are referring to are \$6.4 billion in relation to savings measures and \$6.6 billion, I think it is, in respect of reprioritisation. Does that sound right?

**The Hon. COURTNEY HOUSSOS:** Yes.

**The Hon. DAMIEN TUDEHOPE:** So in relation to the breaking down of those numbers, are you able to break down, in dollar terms, each of the items? For example, we asked the Treasury secretary the saving in relation to labour hire and as quick as a flash he had the figure straight there: \$420 million. Are you able to provide similar figures in respect of the savings which have been made in relation to the manner in which the \$6.4 billion was arrived at and the reprioritisation of the \$6.6 billion?

**The Hon. COURTNEY HOUSSOS:** It sounds as though the Treasury secretary already answered your question in relation to labour hire. If you have a specific question, Mr Tudehope, I am happy to answer it, but—

**The Hon. SARAH MITCHELL:** It is. He just asked you one.

**The Hon. COURTNEY HOUSSOS:** We have been clear—the budget papers are there, and you are welcome to peruse them. I can tell you that we've got \$4 billion in operational efficiencies. We've got \$2.9 billion in ceasing or reducing wasteful programs. We stopped \$100 million from the PPE stockpile, and we stopped the \$30 million per term that was being spent on COVID cleaning in schools that had just been, like, set and forget—lost \$60 million there, jeez. We are getting savings in relation to consolidating the Western Parklands City Authority and the Greater Cities Commission. And, yes, we are getting savings in relation to labour hire. The senior executive service—I'm sorry. It's everyone at the table.

**MICHAEL COUTTS-TROTTER:** That's okay.

**The Hon. COURTNEY HOUSSOS:** We're all taking a pay cut—a pay freeze, I should say. Sorry.

**The Hon. DAMIEN TUDEHOPE:** Minister, you've gone through some of the detail there and identified specific measures. What I would expect at the end of the day then, when you've added all those figures together, you would get to \$13 billion. If it's a reprioritisation of existing funds, it would be \$6.6 billion, and \$6.4 billion for savings measures. Why weren't you able to provide that detail?

**The Hon. COURTNEY HOUSSOS:** No, I don't agree with your assessment that I'm not able to. I would say that we published the budget papers in exactly the same way—and this is something that you canvassed at length with the Treasurer on Tuesday, that the budget papers are presented in exactly the same way as the Treasurers' beforehand, with one omission. And I think the Treasurer squarely took responsibility on Tuesday for saying he thought it was a waste of time. I have to say I agreed with his assessment that the outcomes—I agree in principle. The idea of judging how you spend your money and evaluating that is, of course, an important principle

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and one that we are doing some further work on, but the measures statement that was presented by the previous Government was not particularly helpful, so he took the excellent decision to cut the printing of that budget paper. But the rest of the budget is published in accordance with exactly the same transparency measures that you signed onto as finance Minister.

**The Hon. DAMIEN TUDEHOPE:** Minister, in your answer to my questions on notice, you said—and you have affirmed here in this hearing today—that the numbers which make up the \$13 billion are in the budget paper. They are not in the budget paper, though, are they?

**The Hon. COURTNEY HOUSSOS:** Yes, see, this is exactly—it is in the budget paper.

**The Hon. SARAH MITCHELL:** Where?

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

**The Hon. COURTNEY HOUSSOS:** I would encourage you to read the budget papers, as we did in opposition. You are welcome to get out your calculator and work it out, but I have provided you with an answer. The Treasurer has provided you with an answer. I have provided you with answers on notice.

**The Hon. SARAH MITCHELL:** There's no detail.

**The Hon. COURTNEY HOUSSOS:** I'm not your research assistant, Mr Tudehope. You can do your own research.

**The Hon. DAMIEN TUDEHOPE:** Well, Minister, I'd invite you to take me to the page which identifies the labour hire savings and the numbers attributable to them in the budget paper.

**The Hon. COURTNEY HOUSSOS:** You just told me the Treasurer—or was it the Treasury secretary provided you—

**The Hon. DAMIEN TUDEHOPE:** The Treasury secretary.

**MICHAEL COUTTS-TROTTER:** I did.

**The Hon. SARAH MITCHELL:** You just said it's in the budget papers, and it's not.

**The Hon. Dr SARAH KAINE:** So why are you asking again?

**The Hon. DAMIEN TUDEHOPE:** We're going to reduce spending on consultants. All I'm asking you to do—you've told me it's in the budget papers in your answer to me. Where is it?

**The Hon. Dr SARAH KAINE:** Sadly your time has expired.

**The Hon. SARAH MITCHELL:** No answer.

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

**The CHAIR:** The time for Opposition questions has expired.

**The Hon. COURTNEY HOUSSOS:** Your time has expired.

**The Hon. SARAH MITCHELL:** You still could answer.

**The Hon. Dr SARAH KAINE:** It was the same question eight times.

**The Hon. COURTNEY HOUSSOS:** You've already got the answer. You've asked the Treasurer. He has given you the answer. The Treasury secretary has given you the answer.

**The Hon. Dr SARAH KAINE:** Or just read.

**The CHAIR:** Thank you, Minister. We now turn to questions from the Government. Dr Kaine.

**The Hon. Dr SARAH KAINE:** Minister, we have questions asked of you and your answers about particular aspects of procurement in particular industries. I wonder if you could speak a little bit more about issues with the current procurement framework. I am keeping in mind that we will be having our inquiry, but I would like to hear a bit more about what you have to say about the current framework.

**The Hon. COURTNEY HOUSSOS:** Yes, I can give you a bit of a taster, if you'd like, of where we expect it to head. We think there are a number of opportunities to improve the current devolved procurement framework. The thing that really surprised me when I was first sworn in as Minister for Finance and received those initial briefings in relation to the current framework is the lack of central accountability, the lack of central coordination and even just data. A lot of that has been devolved down into the different clusters. I think we see

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this kind of fragmented approach—when, as a government, we have identified there are huge opportunities in leveraging these precious government procurement dollars—and then a lack of data and availability.

So that is certainly why we have commenced work with The Cabinet Office already in stepping up our central capabilities and our central coordination of that process. I think the other key challenge is—and because all of that has been devolved and because there is that lack of centralisation of data and consistency and access of it, we are really keen to find opportunities to be doing that as well. The key part is that the Government is a major procurer, not just of enormous transport projects, but of a range of other things. We think that if we can coordinate in a better way, as a first step, that is a great opportunity for us to better leverage those government procurement dollars.

**The Hon. BOB NANVA:** Minister, you've touched briefly on this, but I just wanted you to elucidate. What was the previous Government's record on wages and the number of senior executives in the New South Wales public service?

**The Hon. COURTNEY HOUSSOS:** That is an excellent question in relation to the wages. I mean, you would be aware, Mr Nanva, of the previous Government's wages cap policy. One of the first things—or what we have already delivered for our valuable public service workers across New South Wales is to increase their wages by 4.5 per cent this year. Now, what we have seen with the suppression of wages across the board is it has led to chronic vacancies. Whether that be in our schools, whether that be in our hospitals or our police force, we can't deliver better public services if we don't have the people there to deliver them. The average person expects, when they send their kid to school or when they turn up at a hospital, that there will be a teacher or a healthcare professional who is there, who is able to help them.

That just not the case at the moment in New South Wales, and that is a consequence of 12 years of wage suppression with the previous Government's wages caps. So we have already put in place a 4.5 per cent increase. That is the largest increase in a decade. In this budget, what we have done is we have put aside \$3.6 billion in an Essential Services Fund because the good work, the excellent work, that is being undertaken, in line with our election commitment, to establish a new interest-based bargaining system means that we will have a policy and not a number as our wages policy. We want to engage with our workforce and find savings and efficiencies by actually working together with them—engaging in that conversation. We think that those people who are delivering the services on the ground are best placed to be identifying the ways that we can do it better.

This is a conversation that the previous Government refused to have, and we have already done it. I really want to commend the work of the Deputy Premier in the way that she has engaged with teachers and through the Department of Education, to find \$1.4 billion of savings—in addition to the 4.5 per cent increase that has been delivered to teachers—to redirect funding into our classrooms, to the source of the single biggest factor in improving student outcomes in the world. Now, I say this regularly: We have the fastest falling education outcomes in the world in New South Wales, and the key thing that we can do to turn that around is in the classroom. Every single member of the community would be able to tell you about that teacher who inspired them or who made an incredible change.

The idea that the previous Government refused to acknowledge their worth by engaging with them and saying, "How can we do this better?" I really want to commend the Deputy Premier for taking our teachers in New South Wales from being the worst paid in the country to the best paid. This is, again, another problem that is going to take years to fix. We can't immediately click our fingers and deliver new teachers, but these important steps—making our teachers the best paid in the country, reducing the administrative burden—that is how we will start to solve those chronic vacancies that are just plaguing our public services across New South Wales.

**The Hon. BOB NANVA:** Minister, another question that is dear to my heart, and that I am sure is dear to Mr Rath's heart, is how would you describe the previous Government's approach to privatisation and its impact on the budget as well as on households? What are you doing, Minister?

**The Hon. COURTNEY HOUSSOS:** That is an excellent question and I very much thank you for it. We saw the previous Government engage in an ideological privatisation program that actually led to far worse outcomes for the people of New South Wales, and that legacy is one that we are continuing to deal with. We have seen, over the past 12 years, the selling off of our electricity assets, our ports, our toll roads, our bus services. While these essential assets were sold at low prices, we saw \$90 billion worth of government assets sold off. What we have seen is the public paying an ever-increasing amount just to use their own services and their own facilities, with far worse outcomes. You ask an average person. I mean, I can tell you the member for Coogee would be keen to tell you, and I know members in the inner west—in those privatised bus service contracts that were signed off just before the election—would be able to tell you how they are constantly being told by local constituents and members of the community that they are getting a worse service.



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The people of New South Wales, in the end, are paying more. So we are very clear: We are not going to privatise assets. The key challenge for our energy security over the coming years is the question of Eraring, and I have no doubt that that would have been subject to a range of questions in the Macquarie Room this morning. But that was sold by this Government in 2013, and it was a terrible deal. Then the former Treasurer offered to pay I think \$240 million to keep it open for three more years. It was just this crazy selling off of assets, through an ideological agenda, that has actually led to worse outcomes for the people of New South Wales. We are not prepared to sign on to that.

**The Hon. STEPHEN LAWRENCE:** Minister, in your capacity as Minister for Finance, I'm interested in asking a question about people struggling with unpaid fines. In particular, do you believe that the former Government's fairer fines scheme is achieving improved outcomes for fine recipients experiencing hardship?

**The Hon. COURTNEY HOUSSOS:** This is something that at the moment we are taking a really close look at. I have spoken at length this morning about the different interactions that people will have with Revenue NSW, and I think the understanding from them that they need to engage with empathy and understanding and compassion. Like I said, I visited the Revenue offices in Parramatta and that struck me. I had a fantastic visit to Maitland and met with the Revenue office there. I was amazed at the long term of service from so many of them, particularly women. It was an overwhelmingly female workforce. We had a lovely morning tea there and a great visit. But the thing that has been raised with me, and certainly something that we are doing some more work on at the moment, is in relation to making sure that our fines system is fair.

Fewer than 600 fine reductions have been accessed in the last three financial years. It has been just \$91,000. There is clearly a system that is in place, but I am not sure that shows the system is working. So we will be holding roundtables in coming weeks with both the issuing authorities and also with advocacy groups to make sure that that is fit for purpose. We think that that is a really important way that, when vulnerable members of our community are being fined—and I know in your previous work, Mr Lawrence, you would be aware that, particularly for vulnerable members of our community, we need to make sure that we have appropriate measures in place so that these debts don't just mount up and mount up and mount up. We are absolutely committed to finding real opportunities to improve these hardship provisions, especially in the context of a broader cost-of-living crisis that families and households are facing.

**The CHAIR:** Thank you very much, everyone. We very much appreciate the questions and the answers today. In particular, Minister and Mr Coutts-Trotter, thank you for attending. We are finished with your questioning. The Committee will now break. We will reconvene at 2.00 p.m. for further questions.

**(The Minister withdrew.)**

**(Michael Coutts-Trotter withdrew.)**

**(Luncheon adjournment)**

**Ms LIZ LIVINGSTONE**, Deputy Secretary, Policy and Budget, NSW Treasury, on former oath

**Mr PETER DAY**, Executive Director, Resources Regulator, sworn and examined

**The CHAIR:** Good afternoon to those returning and to the new attendees. We have two new witnesses joining us for the afternoon session. I am Jeremy Buckingham, the Chair of the Committee. Ms Livingstone does not need to be sworn as she has been sworn at an earlier budget estimates hearing before this Committee. We now turn to questions from the Opposition.

**The Hon. DAMIEN TUDEHOPE:** Thank you all for returning this afternoon. After the boisterous morning we've had, it must have been tempting not to come back.

**The CHAIR:** It was.

**The Hon. DAMIEN TUDEHOPE:** My initial questions are directed to Revenue. There have been some 10,000 letters directed to small businesses, and I think they've been letters to those small businesses involved in microbusiness grants during COVID. For the purpose of issuing those letters, what were the criteria for deciding whether a business received one of those letters?

**MANDY YOUNG:** Thank you for your question, Mr Tudehope. The microbusiness grants have operated out of Service NSW, so Service NSW has actually managed the compliance reviews and processes in that place. Revenue NSW is only doing debt collection, so if they feel that someone hasn't complied then we

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collect that debt. That decision is made by Service and then sent to us, and we would send out the letters for debt collection.

**The Hon. DAMIEN TUDEHOPE:** Have you got a copy of the letters?

**MANDY YOUNG:** We have a copy of the compliance letters from Service NSW, but the debt collection would be our standard debt collection letters.

**The Hon. DAMIEN TUDEHOPE:** To the best of your knowledge, do the letters addressed to those businesses require them to produce various records?

**MANDY YOUNG:** I think I would have to have—best answered by—

**The Hon. DAMIEN TUDEHOPE:** The letters are issued by Revenue, are they not?

**MANDY YOUNG:** No, they're issued by Service NSW. For the microbusiness grant, by Service NSW, from a compliance point of view.

**The Hon. DAMIEN TUDEHOPE:** But what role does Revenue have in relation to that?

**MANDY YOUNG:** If Service identifies that there is a debt to be repaid, they refer that debt to us and then we collect that debt.

**The Hon. DAMIEN TUDEHOPE:** If the end process of the correspondence which has been directed to those microbusinesses is that there is a determination made by Service NSW that there is a debt to be collected, that will be referred to Revenue to collect?

**MANDY YOUNG:** To Revenue, yes.

**The Hon. DAMIEN TUDEHOPE:** Do you have any knowledge as to whether the correspondence addressed to those businesses suggests that there may be criminal penalties involved?

**MANDY YOUNG:** I would have to check. I'd have to come back to you on that.

**The Hon. DAMIEN TUDEHOPE:** Could you take that on notice and perhaps—

**MANDY YOUNG:** Yes.

**The Hon. DAMIEN TUDEHOPE:** Of course, if there was a decision that there was to be a prosecution as a result of this—and the correspondence, as I understand it, requires the businesses to produce bank statements and the like to further substantiate their entitlement to the grants. If there was to be a decision that the grants were made fraudulently, or the applications were made fraudulently, that would not be handled by Revenue, would it?

**MANDY YOUNG:** No, Service NSW would work with New South Wales police on any fraudulent matters.

**The Hon. DAMIEN TUDEHOPE:** In respect of small businesses generally, there has been action—and Mr Smythe will be aware of this. In respect of payroll tax, doctors are concerned in relation to audits which are being carried out for the purpose of their liability to pay payroll tax. There has been an amnesty, you're aware, in respect of the conducting of those audits. Is that correct?

**MANDY YOUNG:** Not an amnesty exactly, but I'll hand over to Mr Smythe to answer that in detail.

**CULLEN SMYTHE:** I think many people may view it—or might use that terminology. I would probably—

**The Hon. DAMIEN TUDEHOPE:** A pause?

**CULLEN SMYTHE:** A pause, yes—characterise it as a pause.

**The Hon. DAMIEN TUDEHOPE:** So, if there was a perception by a medical practice that they are getting an amnesty from the bill, that's wrong, and in fact what is occurring is we're not pursuing it at the moment to collect it?

**CULLEN SMYTHE:** The second part of your statement I agree with wholeheartedly. Apologies, but in relation to the first part—I know this comes across as an issue of semantics but really that's what it is—it really comes down to what an individual might consider is the nature of an amnesty. We have taken great pains to communicate—particularly through the industry bodies, the Royal Australian College of General Practitioners for New South Wales as well as the Australian Medical Association—the nature of the legislation, what we're doing and what we're not doing. We've been quite clear that there's been no targeted audit regime around medical practices, not only during this period but at all, and also directing particular individual practices to our website

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and materials that we've put out and also making it clear to them that we do offer a facility for private rulings, and making our contact details available to help people with any questions they may have.

**The Hon. DAMIEN TUDEHOPE:** That's right, but it would make clear to those practices that, in fact, the liability for payroll tax continues to exist?

**CULLEN SMYTHE:** That's correct.

**The Hon. DAMIEN TUDEHOPE:** And after the pause has finished, if there was to be an audit, that audit would, in fact, encompass the current period of time as well as potentially previous years, unless there was a policy change by government.

**CULLEN SMYTHE:** It's difficult for me to comment on precisely what would happen because the circumstances faced by individual practices are quite different.

**The Hon. DAMIEN TUDEHOPE:** If they were to be liable in respect of—what is it, the opti store?

**CULLEN SMYTHE:** Optical Superstore, Thomas and Naaz.

**The Hon. DAMIEN TUDEHOPE:** I knew you'd know. If there was to be a liability under either of those cases, depending on the fact situation, there has been no relief in relation to those practices for their liability for either payroll tax, which is being incurred now as we speak, or for previous years, without a change of policy by the Government?

**CULLEN SMYTHE:** That's correct for the primary tax. During the period of the pause there is no imposition of interest or penalties and any interest that was outstanding prior to the introduction of the pause has been waived under the legislation as well. But you are, of course, correct: The primary duty or primary tax remains payable.

**The Hon. DAMIEN TUDEHOPE:** Have you, in fact, Mr Smythe, been involved in any discussions in relation to policy changes in respect of how those medical practitioners, or the cohort of medical practitioners, will be treated in relation to potential legislative change?

**CULLEN SMYTHE:** That's probably something that would be more appropriately addressed to Treasury. I'm not quite clear on your question. When we're talking about policy and how we administer the provisions, that rests with us.

**The Hon. DAMIEN TUDEHOPE:** Yes, but if there was to be a reversal of the current legislative positions as articulated in the Optical Superstore case, it would need legislation to change it?

**CULLEN SMYTHE:** Yes.

**The Hon. DAMIEN TUDEHOPE:** And that would require a decision of government to bring in legislation to change that.

**CULLEN SMYTHE:** That's correct.

**The Hon. DAMIEN TUDEHOPE:** And, to the best of your knowledge, is anything being done in relation to moving towards legislation to reverse the liability for payroll tax in respect of those arrangements?

**CULLEN SMYTHE:** I'm not aware of anything along those lines, but that's not something that would normally be a revenue policy type of question.

**The Hon. DAMIEN TUDEHOPE:** Are there any other industries which in your view would fall within the same potential collection regime as doctors—for example, mortgage brokers?

**CULLEN SMYTHE:** Yes. I am trying to restrain myself from outlining the whole history of the contractor—

**The Hon. DAMIEN TUDEHOPE:** No, feel free.

**CULLEN SMYTHE:** Okay. The current legislation we have come into effect in 2007. That was largely as a focus of coming up with a harmonised system across the States. Before that, we were dealing with legislation with very similar provisions, which was the Payroll Tax Act 1971. That was amended in 1986 to include what we call the contractor provisions. Basically payroll tax operates to impose a tax on what they call taxable wages paid by an employer, and that is quite limited. At the time the legislation was first introduced, it was appropriate and it reflected work practices at that time. Of course, over the past 50, 60 years the way that people conduct businesses, the way that people are engaged and the way they're paid has changed significantly. In the eighties, it was identified that a number of operators were characterising people who would otherwise have been employees as

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independent contractors when they weren't quite what you would really consider to be a true independent contractor.

**The Hon. DAMIEN TUDEHOPE:** There are a variety of cases about what the definition of an independent contractor is.

**CULLEN SMYTHE:** Yes, including the cases that you referred to earlier.

**The Hon. DAMIEN TUDEHOPE:** That gives rise to the issue that you would treat each individual exemption on a case-by-case basis because they may have different—

**CULLEN SMYTHE:** That's right.

**The Hon. DAMIEN TUDEHOPE:** If the principal thing is that the head entity, for want of a better expression, was merely collecting, say, brokerage fees and distributing brokerage fees—or, alternatively, in the case of doctors, collecting the Medicare contributions and other gap payments and then distributing those to the doctors and charging a fee—if that was the only thing, in your view, would that necessarily snare them within the group of people who aren't truly independent contractors?

**CULLEN SMYTHE:** Mr Tudehope, before coming into public service I would have charged probably \$1,200 an hour to give you an answer on that.

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

**CULLEN SMYTHE:** It's really difficult because commercial practices are never just one single element. Particularly when it comes to something like fee arrangements, rental arrangements, brokers or any sort of agency arrangement, we could only comment on the tax consequences by having a look at all of those circumstances together. What I could say is that in Thomas and Naaz, the most recent of the cases which did deal with medical practices, there were a number of identified arrangements within that case that really did have the character of independent operations or true independent contractors and not a bundle of arrangements that were clearly within the contractor provisions.

**The Hon. DAMIEN TUDEHOPE:** So for your \$1,200, can you now tell us what they are?

**CULLEN SMYTHE:** I think it's about one-third of the way through the decision. It's not a very long decision, but because the focus of the court—or the tribunal at first instance—was really on the arrangements that were subject to payroll tax, they didn't go into it in a great deal, but the form of the cash flows was a significant element in those excluded doctors.

**The Hon. DAMIEN TUDEHOPE:** Sorry, just that last point.

**CULLEN SMYTHE:** The payment flows were a factor that the court looked at.

**The Hon. DAMIEN TUDEHOPE:** They were a factor but were they the principal—

**CULLEN SMYTHE:** They would not necessarily by themselves be enough to take you out of the contractor provisions.

**The Hon. DAMIEN TUDEHOPE:** In relation to a policy position in relation to payroll tax to clearly delineate what is an independent contractor for the purposes of payroll tax, has any work been done in relation to that? Because other than what is contained on your website, would it be more helpful for those potentially affected industries, whether it's mortgage brokers, whether it's dentists, whether it's doctors, for them to be given more clarity about what will bring them within the notion of payroll tax and what will, in fact, be those factors which would exclude them from payroll tax?

**CULLEN SMYTHE:** The difficulty with all areas of revenue law is that it is largely fact specific. We continue to engage with a number of industry bodies as well as more broadly representative liaison groups, such as the Law Society and the Tax Institute and various others, to try and provide as much information as we can. We have a practice note that has been issued specifically for medical practices and the way that payroll tax might apply to them, including quite a large number of scenarios giving examples and trying to provide some guidance around particular factors that we look at in determining how we will apply the contractor provisions. There are also a number of rulings available in relation to the contractor provisions.

**The Hon. DAMIEN TUDEHOPE:** Chief Commissioner, if in fact we were to go to a position where we gave an amnesty as opposed to a pause to allow businesses potentially affected, has any modelling been done on what that would cost the revenue?

**MANDY YOUNG:** I've only been in the role for a couple of months so this is all in train, but as far as I'm aware that modelling hasn't been done.

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**CULLEN SMYTHE:** If such a policy consideration was to be undertaken, modelling such as that is something that would be undertaken by Treasury rather than Revenue.

**The Hon. DAMIEN TUDEHOPE:** I take it that modelling, if it was to forgo tax in previous years—I'm obliged to ask you about Vanderstock.

**The CHAIR:** Sorry, could you repeat that Mr Tudehope?

**The Hon. DAMIEN TUDEHOPE:** There's a case in Victoria which Ms Abigail Boyd referred to yesterday, *Vanderstock & Anor v The State of Victoria*.

**The CHAIR:** EVs, yes.

**The Hon. DAMIEN TUDEHOPE:** Have you received or given advice about the possible implications of that case on duty revenue, first of all in respect of the road user tax in New South Wales and then the potential other—I'll come to the second question after you answer the first one.

**MANDY YOUNG:** I think probably the first point is it's a policy decision, and so that would be—the Treasurer, as I understood it, answered some of those questions yesterday. And we will continue to watch what happens in Victoria, but we haven't undertaken any work in that space at this time. I'm sure that the commissioner here will have a view on that in terms of his experience, but certainly from where we sit today, it doesn't impact New South Wales right now.

**The Hon. DAMIEN TUDEHOPE:** Because there's no road user tax being currently charged?

**MANDY YOUNG:** I'll hand over to—

**CULLEN SMYTHE:** I think the Treasurer made some good comments on Tuesday—humbly, sorry, that sounded quite arrogant. I think the Treasurer's comments in relation to Vanderstock and the potential ramifications were—

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

**CULLEN SMYTHE:** —pretty much correct. The academics, lawyers, right across the country are currently considering what the implications are much more broadly of the then majority, or still current majority, of the High Court.

**The Hon. DAMIEN TUDEHOPE:** In your view, may it have an impact, for example, on insurance duty?

**CULLEN SMYTHE:** I don't have a view.

**The CHAIR:** Order! Mr Tudehope, according to the resolution, we can't ask public officials for their opinion on policy.

**The Hon. DAMIEN TUDEHOPE:** This is one of the best lawyers that exists in Revenue NSW, but anyway.

**Ms ABIGAIL BOYD:** To the point of order: It was not really a question about policy. It was a question—

**The Hon. DAMIEN TUDEHOPE:** About a legal opinion.

**The Hon. BOB NANVA:** It's seeking an opinion.

**The CHAIR:** It was seeking an opinion.

**The Hon. DAMIEN TUDEHOPE:** Legal opinion.

**Ms ABIGAIL BOYD:** But the rule is against Government policy being asked for from government officials. You can ask them their opinions on things.

**The Hon. STEPHEN LAWRENCE:** It's not relevant, I would suggest, also.

**The CHAIR:** I was reminding the honourable member of that resolution.

**The Hon. DAMIEN TUDEHOPE:** Are you ruling the question out of order?

**The CHAIR:** No.

**The Hon. DAMIEN TUDEHOPE:** I will press the question.

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**CULLEN SMYTHE:** I refer back to my previous response. It's quite early. I do have a copy of the case I prepared earlier.

**The Hon. DAMIEN TUDEHOPE:** I have one, too.

**CULLEN SMYTHE:** It probably won't come as much of a surprise that in my spare moments I do go back over various passages of it. It's a weighty decision; it's over 300 pages. It has a very solid justification both of the majority and of the dissent.

**The Hon. DAMIEN TUDEHOPE:** It was 4-3.

**CULLEN SMYTHE:** Yes, as was *Ha v Victoria*, so we're a good 30 years down from the last case.

**The Hon. DAMIEN TUDEHOPE:** Which they wouldn't reopen, by the way, *Ha v Victoria*.

**CULLEN SMYTHE:** Yes, I noticed. I think, given the size of the case and the issues involved, it will probably be some time before there's—

**The Hon. DAMIEN TUDEHOPE:** If I was to ask you this: On your reading of the case, if it was to expand to other duties, what would they be, in your view?

**CULLEN SMYTHE:** I would need to consider the case in more detail and take the question on notice.

**The Hon. DAMIEN TUDEHOPE:** I'm happy for you to take that on notice.

**Ms ABIGAIL BOYD:** I want to come back to the hotel quarantine bills. Are you able to give me any kind of update on how many of those bills are still outstanding?

**MANDY YOUNG:** Yes, I can give you that detail. As of 30 September we had a total of 163,000 quarantine invoices issued to customers. Of those, 139,000 or so were paid. There were another 14,000 that were withdrawn. There are 17,480 customers who still have a debt outstanding.

**Ms ABIGAIL BOYD:** It has not gone down very much. I think it was—

**MANDY YOUNG:** The original amount that was due to be paid is \$326 million. We've collected \$242 million of that and waived another \$44 million of that.

**Ms ABIGAIL BOYD:** What does that leave?

**MANDY YOUNG:** We're left with \$38.4 million outstanding.

**Ms ABIGAIL BOYD:** It was 39.3 reported last month.

**MANDY YOUNG:** Yes, and in that time we've collected more.

**Ms ABIGAIL BOYD:** And the 14,000 that were withdrawn or waived, why were they?

**MANDY YOUNG:** It would be a variety of reasons. I can get back to you with the detail, in terms of taking that on notice for the variety of reasons. Some of them are due to hardship. A range of things might sit in that space.

**Ms ABIGAIL BOYD:** It was also reported, I think it was last month, that 5,190 bank accounts had been directly accessed to pay these fines. Have more now been accessed?

**MANDY YOUNG:** Again, I will take it on notice, but I don't understand that we haven't done any more garnishee orders; the difference, though, being that an order can be made. There were 5,000-odd orders made. I'll get you the number in a second. It's less people—

**Ms ABIGAIL BOYD:** I see. That's the orders.

**MANDY YOUNG:** That's the orders. So that would go to all of the banks for a range of customers. It was a bit of a lucky dip.

**Ms ABIGAIL BOYD:** For instance, if someone didn't have that minimum amount in there, it wouldn't be able to be accessed?

**MANDY YOUNG:** Not exactly—yes, that's one thing. If the amount wasn't in their account, that wouldn't be accessed. But also, we don't know which bank customers bank with so we might send four orders for one invoice.

**Ms ABIGAIL BOYD:** What's the average debt recovery cost being applied to those amounts once they've been taken out?

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**MANDY YOUNG:** I'd have to take that on notice.

**Ms ABIGAIL BOYD:** Is that debt recovery done directly through Revenue NSW? Do you have a contract with—

**MANDY YOUNG:** No, it's done directly through Revenue NSW.

**Ms ABIGAIL BOYD:** The debt recovery cost—perhaps you need to take it on notice—how is that calculated?

**MANDY YOUNG:** I will take it on notice. We do a fee-for-service charge to Sydney Local Health District, who we collect on behalf of. We can get that information to you in terms of how much that has been.

**Ms ABIGAIL BOYD:** Can you tell me how many complaints you've had from people who have had their bank accounts accessed in order to pay those fines?

**MANDY YOUNG:** Again, it's something I'd have to take on notice. It may be difficult for us to get the data on exactly what the complaint was for.

**Ms ABIGAIL BOYD:** If you could try, it would be great to have a look at that. In relation to the COVID fines, I know that we have just over 29,000 of those outstanding as at June. There was a lot of talk in the media about a huge chunk of them being deemed to be unlawful for not being specific enough. Has Revenue NSW reflected on that court decision and done any more work in relation to those COVID fines?

**MANDY YOUNG:** Again, this is probably one that I'll pass over to the commissioner. We looked at that initial set and made those decisions based on previous court decisions. They were made on that. We haven't made any decisions, as I understand it, on any further court matters.

**CULLEN SMYTHE:** That's correct.

**Ms ABIGAIL BOYD:** But do we still have 29,000 outstanding of those COVID fines?

**MANDY YOUNG:** Give me one moment and I will tell you. We have 13,543 unresolved as at the end of September.

**Ms ABIGAIL BOYD:** What's the value of that?

**MANDY YOUNG:** I'd have to take that on notice.

**Ms ABIGAIL BOYD:** Are they being actively followed up and are people being asked to pay that amount on an active basis?

**MANDY YOUNG:** We continue to collect revenue.

**Ms ABIGAIL BOYD:** Perhaps on notice, could you let me know how much is being spent on debt recovery measures in relation to those fines?

**MANDY YOUNG:** Yes.

**CULLEN SMYTHE:** Yes.

**Ms ABIGAIL BOYD:** Can we go back to that \$5.2 million and the transition authority? Sorry, it's not called that. In the budget papers they call it the "regional Future Jobs and Investments authorities". Can someone explain to me a little bit more about what that is? I understand that \$5.2 million was effectively something that the previous Government had earmarked to be divvied up for those sorts of purposes. What has now happened, for the purposes of this budget, in order for it to appear as a new line?

**LIZ LIVINGSTONE:** The money has been allocated. As the Minister described this morning, the details of how it will be used to set up those bodies is still to be determined, as far as I'm aware.

**Ms ABIGAIL BOYD:** There's literally one line in the regional New South Wales bit of the budget. Is that the sum total of the information we have about it?

**LIZ LIVINGSTONE:** It's the sum total of the information I have. There may be others in regional New South Wales or other parts of the department.

**GEORGINA BEATTIE:** I can jump in here, Ms Boyd. The money that's been allocated—\$5.2 million over four years; it's \$1.2 million for the current year—is to establish the regional jobs and investment authorities in those four coal-producing regions.

**Ms ABIGAIL BOYD:** When you say "establish", what do you mean exactly?

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**GEORGINA BEATTIE:** It's really to establish the authorities. The commitment was to establish the authorities to support those communities as part of that transition. As the Minister said this morning—

**Ms ABIGAIL BOYD:** But in terms of the cost?

**GEORGINA BEATTIE:** —she's consulting on what that will look like and is very keen on getting input from those local communities about how they should work.

**Ms ABIGAIL BOYD:** So \$1.2 million, you said, this year? I'm just trying to understand where that money goes in terms of the establishment. I understand how a transitional authority works and how the eventual basic structure might appear. What I'm interested in, though, is that when we talk about this money being used to establish these authorities, what are we talking about, other than presumably there will be some legislation? What's that money being spent on?

**GEORGINA BEATTIE:** It's resources for those functions. The Royalties for Rejuvenation Fund is where the money has been allocated. As the Minister said this morning, that money is being repurposed for the function of the regional jobs and investment authorities.

**Ms ABIGAIL BOYD:** It sounds like we don't know what that money is going to go to. If we've got \$1.2 million in this year, we've heard a lot about, "Yes, we're consulting", "Yes, we're going to do it eventually", and, "No, we don't have any time line to actually statutorily implement this thing." Are we just going to end up with that \$1.2 million still at the end of the budget year?

**GEORGINA BEATTIE:** I think the Minister answered that question this morning. She's very keen to hear from the local communities about how those authorities should work. There was a roundtable held in the Hunter a couple of months ago. She mentioned that there's a session being held in Lithgow in the next week. That is to engage directly with interested stakeholders around how that should work.

**Ms ABIGAIL BOYD:** Is the 1.2 million going towards the cost of the roundtables?

**GEORGINA BEATTIE:** I'd have to take that on notice. The roundtables are being done on a very low budget.

**Ms ABIGAIL BOYD:** Yes, which makes me wonder what the rest of the \$1.2 million is going to be spent on then, if we're not going to have a statutorily established authority of any kind.

**GEORGINA BEATTIE:** Those decisions haven't been made yet.

**Ms ABIGAIL BOYD:** Just again, when we're looking at the Hunter Jobs Alliance talking about 65 million a year being required just for the Hunter to run such an authority—we're talking 266 million was the initial seed funding for the one in La Trobe—and that 5.2 million that's just being redirected from the Royalties for Rejuvenation scheme, it doesn't sound like we have any actual real sort of substance behind this election promise yet, do we?

**GEORGINA BEATTIE:** The consultation will help determine what the authorities will look like. Then the authorities will provide advice and determine what the action should be. There is money available through the Royalties for Rejuvenation Fund. That's \$25 million a year that has been allocated. But, as the Minister outlined this morning, the timing of when some of these coalmines and power stations are closing, it's staggered over the next couple of decades. There is work happening now. But the consultation about setting up the authorities is going to inform how they'll work.

**Ms ABIGAIL BOYD:** With respect, it's not how these authorities are supposed to work. They're supposed to happen well in advance. They should have been put in place 10 or 15 years ago, ideally, so that you can shepherd the industry. Because although we have closures coming at different times within a particular region, obviously there is a need, as people are sort of dropping out of particular jobs and things are changing, to boost those industries. You don't just have a day when coalmines get closed down and you have some new industries just the next day. I think I'm getting a clear picture of what's been done here.

**GEORGINA BEATTIE:** What I would add to that is that the Government is working directly with some of the sites that are looking at closure. So Muswellbrook Coal is in closure. We're working closely with that operation. Mount Arthur mine is scheduled for closure in 2030. We're working closely with that operation.

**Ms ABIGAIL BOYD:** Again, with respect, that's business as usual. What the authority does is actually bring together not just industry and government, but is taking community, First Nations groups, unions, a bunch of others, to actually look at a whole-of-community transition. That's why we need it in the first place. Is there, for example, a plan to put a person in place who is going to oversee this consultation process to make sure it



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happens within a certain time? Is there any money being spent on actually setting up the transition process at this point?

**GEORGINA BEATTIE:** There are resources within the Department of Regional NSW that are supporting the consultation about the authorities.

**Ms ABIGAIL BOYD:** Is there a time line for that consultation?

**GEORGINA BEATTIE:** Well, there's consultation happening in the next week in the Central West, and there was consultation in the Hunter a couple of months ago.

**Ms ABIGAIL BOYD:** In terms of a project management time line, if you were to be taking this seriously, there would be a time line where we say we're going to consult from months X to Y and then we're going to have this put in place and then we're going to have a draft plan. Is there anything like that in place as yet?

**GEORGINA BEATTIE:** I'll have to take that on notice. I'm not directly overseeing that. I'm happy to take that on notice.

**The CHAIR:** Could I just jump in there? Sorry, Ms Boyd. The Royalties for Rejuvenation Fund, that's \$25 million a year. Has that been operating for two or three years? How much money is in that fund? Is it 50 million or 75 million?

**GEORGINA BEATTIE:** It's about 70 million.

**The CHAIR:** So there's 75 million in that fund at the moment?

**GEORGINA BEATTIE:** About 70.

**The CHAIR:** Seventy million. That's a nice bucket of money.

**Ms ABIGAIL BOYD:** What's happening with the rest of that then? So 5.2 million has been given to establish these authorities. Where's the rest of it?

**GEORGINA BEATTIE:** It's held in a Treasury special deposit account and allocated for later years.

**Ms ABIGAIL BOYD:** Perhaps you can tell me a bit more about the \$89.8 million investment in mining and exploration in regional New South Wales that was mentioned in the budget.

**GEORGINA BEATTIE:** Yes, \$89.8 million was allocated over four years in the New South Wales budget. That includes \$37.6 million for the current financial year. That is made up of a lot of the core work that we undertake in mining exploration and geoscience, including the collection of geoscience data, so geophysical data. We have a Geological Survey of New South Wales. They do a lot of work understanding the geology in the State: mapping, geophysical surveys, dating rocks and also chemical data analysis. That's really to support future investment in critical minerals and understanding and releasing of pre-competitive data for industry investment.

**Ms ABIGAIL BOYD:** Can you tell me exactly—is it just critical minerals though or is it broader than that?

**GEORGINA BEATTIE:** It is broader than that.

**Ms ABIGAIL BOYD:** If we're doing that sort of work, if I can try and understand in layman's speak, we're basically working out what resources there are in New South Wales that can be exploited in the future. Does that include coal and gas as well as critical minerals?

**GEORGINA BEATTIE:** No, we don't do any exploration for coal or gas. The focus of the Geological Survey of New South Wales is on what we call group one minerals, largely. We do a little bit looking at some other minerals, but it's not coal and gas focused. Interestingly—

**Ms ABIGAIL BOYD:** But does it include coal and gas? Will it give that information as well?

**GEORGINA BEATTIE:** No, because they're found in different areas. I'm not a geologist, but it's definitely not focused on that and I think quite unrelated. Interestingly though, the data that we do get can provide useful information for water sources, so deep groundwater sources, which can be helpful for uses of the future as well.

**Ms ABIGAIL BOYD:** And who's carrying out that work?

**GEORGINA BEATTIE:** The Geological Survey of New South Wales carries out a lot of that work. They will use expertise as required—for example, if they need any specialist equipment or specialist skills—and then a lot of the data analysis is done within the department.

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**Ms ABIGAIL BOYD:** Is there a time line for when that is going to be completed by?

**GEORGINA BEATTIE:** The survey is doing work all the time. There's a range of different programs of work that are underway. In terms of the detailed work that we're doing in the next 12 months, I can take that on notice and provide that.

**Ms ABIGAIL BOYD:** Is there some sort of person designated to be overseeing that within the department and doing a project management time line and things for that piece of work?

**GEORGINA BEATTIE:** Yes. We have a business plan. The Geological Survey of New South Wales is a branch within Mining, Exploration and Geoscience. A lot of their functions—it's their core business. Then they'll undertake specific surveys as part of that. Also, in relation to that overall number of 89.8 million, it includes some of our policy and legislation work and also some specific projects looking at coalmine waste. In fact, one of the geophysical surveys that we're undertaking is in the Cobar region. There's a whole range of projects that fall within that stream of work.

**Ms ABIGAIL BOYD:** Have you quantified how much in the budget is of benefit to coalmining or to the coal and gas industry? We can argue about whether it's called a subsidy or not. Have you quantified how much there is in terms of tax breaks, deductions?

**GEORGINA BEATTIE:** Not exactly. The work we do related to coal and gas is really on the regulatory side of things. We have responsibilities under the Mining Act and the Petroleum (Onshore) Act to be assessing titles that come in, to assess them against the regulatory framework, and also with compliance and enforcement activities. The main thing to remember here is that those functions are funded by levies that are collected from the industry. Through the mine safety levy and the administration levy, the industry pays money to the Government and that then is used to support the regulatory functions that Mining, Exploration and Geoscience has.

**Ms ABIGAIL BOYD:** Do you think, given the Minister's portfolios, that it makes sense for responsibility for transition authorities to sit within the Minister's responsibilities and presumably within your department rather than a different part of government?

**GEORGINA BEATTIE:** I think that's a question for the Government. The Royalties for Rejuvenation Fund is established under the Mining Act.

**Ms ABIGAIL BOYD:** I guess my point is that transition authorities is much broader than just mining. It's about a whole-of-community transition. I mentioned this morning that there are concerns, for example, that basic community services are being overlooked and that there is no plan for how we're going to deal with upticks in domestic violence or how we're going to deal with other types of expected impacts and social impacts from the inevitable disruption that comes about with an industry transition. I'm concerned that we're not moving fast enough on this and I'm wondering whether part of that is because it's not sitting within the right department.

**GEORGINA BEATTIE:** What I would say is that the mining industry is very involved and supportive of forward planning for these coalmining regions. Some of the mine sites, for example, are looking very closely at the skills that they have and the time frame of—

**Ms ABIGAIL BOYD:** This is not about coal good, coal bad. This is about making sure that the Government is being responsible for inevitable transition and making sure people don't fall through the cracks. We can't rely on private industry for that.

**The CHAIR:** Can I jump in with one question? Is one of the critical minerals that Mining, Exploration and Geoscience explore for uranium?

**GEORGINA BEATTIE:** No.

**The CHAIR:** Why not?

**GEORGINA BEATTIE:** I don't believe uranium is considered a critical mineral, but also uranium is not something that the Geological Survey of New South Wales is looking at.

**The Hon. CHRIS RATH:** That's a very nice segue, Mr Chair, because my questions also relate to the critical minerals strategy. I was wondering, Ms Beattie, how much work your department has put into implementing the critical minerals strategy that was announced by the former Deputy Premier at Toongi in November 2021.

**GEORGINA BEATTIE:** Critical minerals continue to be a big focus for the department. It really is a hot topic. Nations all around the world are focusing on the potential for critical minerals and their role in supporting our future, particularly as we move towards net zero. In New South Wales we have 17 of the 26 critical minerals on the current Australian Government's Critical Minerals List. You would have heard this morning that

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the Minister has committed to updating a critical minerals strategy and is currently consulting on what that strategy should look like.

Critical minerals is a very rapidly evolving area. There are changes in policies internationally which impact on Australia and impact on New South Wales. The Federal Government has recently released the new critical minerals strategy. A lot of our work is focused on critical minerals. The Geological Survey I mentioned is actively looking for the potential of resources in New South Wales. In addition, we have a group which works with some of the companies looking to explore but also looking to extract in New South Wales, connect them across government and really understand the challenges that are facing this part of sector, which can be a little bit different to the more traditional mining industry.

**The Hon. CHRIS RATH:** On re-evaluating the critical minerals strategy, obviously November 2021 wasn't that long ago. Has your department identified a particular need or reason behind why that strategy needs to be re-evaluated so soon after the last strategy was announced?

**The Hon. STEPHEN LAWRENCE:** Point of order: In my submission, that does seek an opinion on a matter of Government policy given what's been indicated by the Minister.

**The Hon. CHRIS RATH:** To the point of order: I wasn't seeking an opinion. I was saying: Has the department identified the need for a new critical mineral strategy to be developed? I wasn't seeking whether Ms Beattie thought that we needed a new critical minerals strategy. There is an important distinction between those two questions.

**The CHAIR:** Could you repeat that, Mr Rath? It wasn't clear to me what that distinction was.

**The Hon. CHRIS RATH:** Has the department identified a particular need or reason or impetus behind a new critical minerals strategy that needs to be developed?

**The CHAIR:** I think that's fair enough. I won't uphold the point of order. That's not seeking an opinion.

**GEORGINA BEATTIE:** There are always different things that a government can do and consider the role of government in supporting various sectors. As I mentioned before, there have been significant policy changes internationally. That has implications on Australia and therefore New South Wales, and then how New South Wales government could respond to those. Some of the areas that the Government has committed to consult on for this strategy include developing workforce skills and training opportunities. That is a slightly new and different approach. There's a number of areas that the Minister and the Government are very keen to explore as part of the consultation. I think that's really important to understand. And then we'll be looking at all of that in developing a new strategy.

**The Hon. CHRIS RATH:** Most of these critical minerals are in the Central West of New South Wales. Is that the primary location? What's the breakdown across New South Wales where we're sourcing these critical minerals from?

**GEORGINA BEATTIE:** Yes. We know that there are critical minerals in a number of locations in the State. In the Central West you've got the Lachlan Fold Belt, which traverses the central part of the State. We know that there's a lot of potential for critical minerals there. Also, in the Far West of the State we have critical minerals resources. In the north-west of the State around New England there's critical minerals potential there as well. I shouldn't forget, the Murray basin is also high for high potential. We know that there are rare earths there.

**The Hon. CHRIS RATH:** Given the importance of the Central West critical minerals, could you give an update on the critical minerals hub in the Central West?

**GEORGINA BEATTIE:** The critical minerals hub is about that Lachlan Fold region that I mentioned. We know that there's a high potential for critical minerals resources there. There's also the Parkes Special Activation Precinct located in the Central West, which provides opportunities for critical minerals value adding and processing and the other investment, where the Government has committed to enabling infrastructure. There are a number of advanced projects in the Central West as well for critical minerals. That's the hub.

**The Hon. CHRIS RATH:** I know a lot of copper comes from the Central West. Is copper considered a critical mineral?

**GEORGINA BEATTIE:** We often talk about critical minerals and high-tech metals. That is to recognise that there are minerals that aren't identified on the Australian Critical Minerals List at the moment as critical minerals but are absolutely vital contributors to what we see as the important minerals for the future. Copper is considered a critical mineral in some countries, not currently in Australia. But copper and silver we would put in the high-tech metals category.

**UNCORRECTED**

**The Hon. CHRIS RATH:** The Critical Minerals List is developed by the Feds rather than by the New South Wales department. They determine the categories of each of these minerals. Is that right?

**GEORGINA BEATTIE:** Yes, that's right.

**The Hon. CHRIS RATH:** Have you had any conversations with your Federal counterparts about copper potentially being on that list of critical minerals?

**GEORGINA BEATTIE:** Yes, we have. We talk with our Federal colleagues regularly.

**The Hon. CHRIS RATH:** How many copper mines are in New South Wales? You can take that on notice, if you want.

**GEORGINA BEATTIE:** There are 15 large metals mines in New South Wales and some of those are gold and copper. Often when there's a mine, it's extracting a number of different metals.

**The Hon. CHRIS RATH:** Can you see in the future potentially more copper mines in New South Wales? I suppose a better question is: Is there a pipeline potentially for more copper mines in New South Wales in the future?

**GEORGINA BEATTIE:** Yes, I would say there is. There's a lot of exploration occurring in New South Wales. I think the ratio is one in 500. Exploration is quite a high-risk activity, so the exploration sites that end up turning into mines are a very small proportion. But there is a lot of exploration occurring for group 1 minerals, and that would include copper.

**The Hon. CHRIS RATH:** How much of the copper in Australia comes from New South Wales? I assume it's probably the bulk of it.

**GEORGINA BEATTIE:** I would have to take that on notice. There are other jurisdictions that also have a lot of copper, but I'm not sure on that percentage.

**The Hon. CHRIS RATH:** A different line of questioning—I'm also very concerned about the time lines that it's taking to get all different types of mines approved in New South Wales. Has any work been done by your department to look at ways in which those time lines could be expedited?

**GEORGINA BEATTIE:** The approval of mines is actually done under the Environmental Planning and Assessment Act by the Department of planning. We do have a mining concierge, which is a team that works closely with proponents in the mining sector to help direct them to the relevant people within government. As you'd appreciate, the regulation of mining is comprehensive. There are responsibilities under many different departments and many different pieces of legislation. That mining concierge can help explorers and companies looking to operate in New South Wales understand the regulatory framework.

**The Hon. CHRIS RATH:** I'm not sure if this is a question you'll be able to answer or you might have to take on notice, or it might be for Planning. What's the average time it takes for a mine to be approved in New South Wales from the SEARs initial process all the way to the final approval?

**GEORGINA BEATTIE:** I'm not sure. That's really a question for the Department of planning. Overall, the projects take over 10 years often, but that's right from the exploration phase right through to the operation.

**The Hon. CHRIS RATH:** Just two final quick ones from me on a different line. The potential sterilisation of mineral deposits—I am wondering is there a process where developers have to contact mineral licence holders to ensure there is no sterilisation of sites as a result of poorly designed or poorly located projects?

**GEORGINA BEATTIE:** Sorry, can you please repeat that question?

**The Hon. CHRIS RATH:** Is there a process where developers have to contact mineral licence holders to ensure there is no sterilisation of sites as a result of poorly designed or poorly located projects?

**GEORGINA BEATTIE:** Not that I'm familiar with. I think, again, the Department of planning overseeing the development—we have input through the Environmental Planning and Assessment Act. We would always provide information where titles exist and encourage the proponent to contact those title holders to understand impacts and to support land access.

**The Hon. CHRIS RATH:** The Biodiversity Offsets Scheme. Is that with your—

**GEORGINA BEATTIE:** No.

**The Hon. CHRIS RATH:** That's Planning as well—

**GEORGINA BEATTIE:** Yes.

**UNCORRECTED**

**The Hon. CHRIS RATH:** —or Environment? Planning, yes, okay.

**The Hon. DAMIEN TUDEHOPE:** I'm going back to Revenue. How many payroll tax audits have been carried out in the last financial year?

**MANDY YOUNG:** I'm not sure that I have that on hand. That's one we would have to take on notice.

**The Hon. DAMIEN TUDEHOPE:** In relation to those audits—you might have to take this on notice as well—how much additional payroll tax has been collected as a result of those audits?

**MANDY YOUNG:** I'll take that on notice as well.

**The Hon. DAMIEN TUDEHOPE:** I should ask this question, but I know you're not going to answer it. No, I won't ask it. I was going to ask have you discovered, as a result of that, any circumstances where workers have been underpaid?

**MANDY YOUNG:** Again, we'll take that on notice.

**The Hon. DAMIEN TUDEHOPE:** Have you reported that underpayment to Fair Work Australia?

**MANDY YOUNG:** Again, we'll take that on notice, unless you have any further information, Mr Smythe?

**CULLEN SMYTHE:** Wages is a defined term under the payroll tax legislation. It's then expanded through the case law that goes to the various components such as contractor provisions, which we discussed earlier, and employment agents and whatnot. What we are looking at from a Revenue NSW perspective is the amount of funds, the amount of cash, that is actually flowing—that is paid or should be paid under the arrangements in place. It doesn't go to an analysis of awards or employment contracts or something similar. Accordingly, we would not have that sort of information generally. If we are made aware that there is an outstanding liability—for example, sometimes in the press an employer might make an announcement that there has been an underpayment and they're looking to remedy that—then in those circumstances, of course, we would seek to ensure that the State obtains its rightful proportion of that payment in accordance with the payroll tax legislation.

**The Hon. DAMIEN TUDEHOPE:** So the fact is that when you're conducting an audit you're not actually conducting an audit to make sure that the employees are being paid correctly?

**CULLEN SMYTHE:** No. We are making sure that what is declared in the payroll tax returns reflects the payments that are actually made.

**The Hon. DAMIEN TUDEHOPE:** You wouldn't know whether they're being paid correctly unless Fair Work Australia—or there was some voluntary disclosure or, alternatively, another form of investigation for the purposes of disclosing the underpayment of wages?

**CULLEN SMYTHE:** Generally, that's correct. Yes.

**MANDY YOUNG:** Mr Tudehope, I can tell you that last financial year we had 9,091 payroll tax audits undertaken.

**The Hon. DAMIEN TUDEHOPE:** And the amount collected as a result of those additional—

**MANDY YOUNG:** I'll come back to you with that, hopefully before the end of the session.

**The Hon. DAMIEN TUDEHOPE:** The budget papers disclosed that there was an increased taxation revenue of \$17.6 billion over the four years to 2026-27 since the *2023 Pre-election Budget Update*. How does that error occur? Maybe that's a question for you, Ms Livingstone.

**LIZ LIVINGSTONE:** I'm happy to answer it. My colleague Joann Wilkie isn't here today, who would be the expert to answer it, but I'm happy to provide a high-level response and we might follow up with more detail if that's needed. The biggest component of that increase related to transfer duty on properties. Both the volume and prices in the housing market weren't anticipated, and NSW Treasury isn't the only one to have missed that.

**The Hon. DAMIEN TUDEHOPE:** That's an extraordinary amount, though, isn't it?

**LIZ LIVINGSTONE:** The strength of the housing market has been quite extraordinary, because following COVID and the change in population growth rates, with immigration for a period at very low levels, it just wasn't anticipated that that level of demand was still there. But it was a very unusual time—a lot of volatility in the market, which was hard for anybody to forecast. But it has had a positive impact on the—

**The Hon. DAMIEN TUDEHOPE:** When did Treasury first become aware of that uplift?

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**LIZ LIVINGSTONE:** As you'd be familiar with, we do forecasts twice a year—ahead of the budget and ahead of the half-year review. This round of forecasting was timed to inform the September budget.

**The Hon. DAMIEN TUDEHOPE:** Had there been any indication prior to that time that the figures which had been provided by Treasury for the pre-election budget update were so wildly inaccurate?

**LIZ LIVINGSTONE:** All of our forecasts are based on the best available information we have at the time and professional judgement. The figures published in the pre-election budget update reflected the information available at that time, and the forecasts were updated ahead of the September budget. That wasn't the only contributor to the uplift in revenue.

**The Hon. DAMIEN TUDEHOPE:** Was land tax and payroll tax?

**LIZ LIVINGSTONE:** Payroll tax as well, because we've had very strong employment figures throughout that period.

**The Hon. DAMIEN TUDEHOPE:** Does Revenue have any input into the forecasting?

**LIZ LIVINGSTONE:** No—

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

**LIZ LIVINGSTONE:** The forecasts are done by NSW Treasury.

**The Hon. DAMIEN TUDEHOPE:** Well, you must get the information from Revenue, I would have thought.

**LIZ LIVINGSTONE:** We would get historical information from Revenue. Again, this isn't my area of expertise; it doesn't sit in my group. But there are a whole range of sources and peer review and other processes that our team goes through as they prepare their forecasts.

**MANDY YOUNG:** We're consistently providing reports on what we collect—

**The Hon. DAMIEN TUDEHOPE:** To Treasury?

**MANDY YOUNG:** To Treasury, and they use that as one of the data points for their forecasting, as I understand it.

**LIZ LIVINGSTONE:** That's right, but certainly not the only one. Treasury gets information and data from a range of sources to inform those forecasts. I would say forecasts are forecasts. We find out facts after the event, and forecasts are never 100 per cent correct. But this was an interesting scenario where the property market, particularly in Sydney but also in regional New South Wales, has been stronger than expected.

**The Hon. DAMIEN TUDEHOPE:** So there was no forecast received before September, which started to indicate that this trend—

**LIZ LIVINGSTONE:** The actual date of when those forecasts were provided might be in the weeks leading up to the 19 September date—obviously before the budget papers are finalised. I can't remember the exact date, but it would have been some time in August that we received the forecast for the September budget.

**The Hon. DAMIEN TUDEHOPE:** Whoever is doing this forecasting work would not have had any indication that the pre-election forecasting back in November 2022 was wildly inaccurate?

**LIZ LIVINGSTONE:** The pre-election budget update was released in March, and there would have been a forecasting round to inform the half-yearly review in February. There was only about four weeks between the half-year review and the pre-election budget update because of the unique timing of those products in an election year. But, again, the analyst would have taken the best available information at those points in time to inform—

**The Hon. DAMIEN TUDEHOPE:** Who is that analyst?

**LIZ LIVINGSTONE:** We have whole teams of people within Treasury sitting in our economic strategy and productivity division.

**The Hon. DAMIEN TUDEHOPE:** So between February and September there was a \$17.6 billion uplift in the forecast?

**LIZ LIVINGSTONE:** The budget papers reflect the increase in the forecast, and they're based on the best available estimates we had at the time.

**UNCORRECTED**

**The Hon. CHRIS RATH:** When was that communicated to the Treasurer that there was an extra \$17 billion of revenue?

**LIZ LIVINGSTONE:** As I mentioned, we time each round of revenue forecast to inform the budget and the half-year review. It would have been several weeks before the budget was finalised, but not much longer than that. I can't remember the exact date, but I expect it was a date late in August, but we could be more specific on notice about that.

**The Hon. CHRIS RATH:** That would be great. Thank you.

**The CHAIR:** My question is regarding the critical minerals update. According to the website, in terms of public consultations, the consultation will focus on but is not limited to—and there's a list of different areas that the department and the Government are consulting on. Is the nature of mining operations—when I say the nature of it, the actual operational side of mining, how these critical minerals are mined—one of the elements of that consultation and that update?

**GEORGINA BEATTIE:** Thank you, Mr Buckingham. It's not called out specifically in the list that is on the website in terms of the areas that the Government has identified that they are seeking input into for the development of that strategy. But we are seeking submissions at the moment for another couple of weeks, and we'll be reviewing all of those submissions and what's put forward through those.

**The CHAIR:** I'm not quite sure who to direct this to, whether it's Treasury or Revenue. What is the total revenue for the State from non-coal, non-petroleum mining royalties?

**LIZ LIVINGSTONE:** Unless Revenue knows, I think that would be one we could take on notice.

**The CHAIR:** My understanding is that it's in the order of around about \$200 million. Would that be about right?

**LIZ LIVINGSTONE:** I remember that you mentioned that this morning, but I haven't had a chance to verify that at this point.

**GEORGINA BEATTIE:** Excuse me, I have some numbers here, if that's helpful. For gold, silver, lead and zinc, it's \$85 million in royalties for last financial year. An additional 3.9 in royalties was paid for silver, and we have 4.3 million—it's \$85 million I have, sorry, for those three commodities. As I mentioned, there are 15 major metal mines, and it's \$55 million in royalties from copper. I think the 200 that you mentioned earlier, I would have to go and add up the various components, but a combination of the coal—and these are the major contributors to royalties from the metals mines that I've just shared.

**The CHAIR:** If it's \$80 million from the gold, silver, lead and zinc and \$50 million thereabouts from copper—

**GEORGINA BEATTIE:** Eighty-five, yes.

**The CHAIR:** Sorry, \$85 million. Then \$200 million might be a little bit generous.

**GEORGINA BEATTIE:** Possibly, yes. I can provide the details, take that on notice.

**The CHAIR:** If you could take that on notice, that would be very helpful.

**MANDY YOUNG:** Something that may help to add in terms of the royalties collected from our end—we have \$165.7 million from minerals, more broadly; \$1.8 million from petroleum.

**The CHAIR:** That's great. There's a rate of 4 per cent applied to the value of those various metals and minerals. Is there a uniform equation that's applied to calculate? Is it done on, like, a spot price? How is that calculated?

**MANDY YOUNG:** I'd have to take that one on notice, being a very technical question—unless Mr Smythe has anything to add?

**CULLEN SMYTHE:** We'll take it on notice for all of the permutations. Generally, it's on arms-length market value at the royalty period, right at the time they put the returns in.

**The CHAIR:** Is that just averaged over—is it done annually? Is it quarterly or is it done on a weekly basis?

**CULLEN SMYTHE:** I just need to check on the return period for non-coal related minerals, so we'll take that one on notice.

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**The Hon. DAMIEN TUDEHOPE:** My colleague indicated that we have no further questions for the minerals and resources.

**The CHAIR:** Natural Resources, you're off the hook. You're free to excuse yourself. Thank you very much. We'll keep Treasury and Revenue here.

**(Georgina Beattie and Peter Day withdrew.)**

**The Hon. DAMIEN TUDEHOPE:** Acting Chief Commissioner or Commissioner, we heard some evidence given in relation to jurisdictions which are potentially exempt from the foreign investment surcharge tax as a result of trade agreements which have been reached or government agreement. In fact, that was identified by the previous Government, was it not?

**CULLEN SMYTHE:** It was.

**MANDY YOUNG:** It was.

**The Hon. DAMIEN TUDEHOPE:** In fact, it was an issue which was being dealt with and had been discovered and was previously being dealt with by the previous Government?

**MANDY YOUNG:** Yes. On 21 February 2023 we came into that information and began to deal with it. Then on 29 May—the 2023 matter was around New Zealand, Finland, Germany and South Africa and in May 2023 India, Japan, Norway and Switzerland were the further countries that were added to it.

**The Hon. DAMIEN TUDEHOPE:** Do you have an amount of surcharge tax which has been refunded as a result of those agreements?

**MANDY YOUNG:** We do, if you just give me a moment. The total number of refunds expected is 1,389, looking at about \$47.8 million to be reversed. We paid \$38.3 million in refunds, with still some to go.

**The Hon. DAMIEN TUDEHOPE:** Was the decision, in fact, in relation to the refunds, or the decision in respect of the ability of Revenue to collect that surcharge duty—was that a result of decision of a court, or was it the result of a decision taken by the agency?

**MANDY YOUNG:** Again, this was before my time, so I might get Mr Smythe to give you the right answer.

**The Hon. DAMIEN TUDEHOPE:** I'm sure he'll have the answer.

**CULLEN SMYTHE:** It was a decision made by the agency. We formed the view that international tax treaties with certain countries, in certain circumstances, meant that a strict application of section 109 of the Constitution made it unconstitutional for us to collect surcharge revenues from eight countries.

**The Hon. DAMIEN TUDEHOPE:** Has the investigation in relation to our obligations in respect of those taxation treaties now been complete, and there would be no further impact in relation to the ability of the Government to impose the surcharge tax?

**CULLEN SMYTHE:** The investigation is complete. I think in light of Vanderstock it would be quite risky of me to form a view as to how the Constitution would ever be interpreted by a superior court at any given time. However, with that caveat, I would say that I am quite comfortable that those countries are the only ones to which this issue applies.

**The Hon. DAMIEN TUDEHOPE:** Aren't you Australia's leading expert on Ha?

**CULLEN SMYTHE:** Absolutely not, Mr Tudehope.

**The Hon. DAMIEN TUDEHOPE:** Haven't you written material there in relation to it, Commissioner? Just going to the Treasury officials, I just want to ask about domestic manufacturing.

**SONYA CAMPBELL:** Yes, Mr Tudehope.

**The Hon. DAMIEN TUDEHOPE:** Ms Campbell, is there any allocation in the budget in respect of the provision of domestic manufacturing?

**SONYA CAMPBELL:** I might make some comments and then let Ms Livingstone add to that as well. I think there is money in the budget attributed to various initiatives across different agencies that would support elements of domestic manufacturing.



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**The Hon. DAMIEN TUDEHOPE:** But no specific projects identified which are in relation to, for example, the establishment of ferry manufacturing facilities?

**SONYA CAMPBELL:** Ms Livingstone might have some more specific details.

**LIZ LIVINGSTONE:** I think Ms Campbell's point is important that the budget really sets a framework for how government is going to invest. Different elements of that, which involve policy choices as well around how they procure and construct certain projects, will have an impact on domestic manufacturing. If the question is, "Is there a very explicit amount of money targeted at particular manufacturers?" there isn't in the budget, but there are a whole range of funds. There are various regional funds and other things that may well be used to support and enable domestic manufacturing.

**The Hon. DAMIEN TUDEHOPE:** Well, identify one.

**LIZ LIVINGSTONE:** There are a couple of new regional funds that have been announced as part of the budget. One is a \$250 million Working Regions Fund. There is another \$350 million in a new regional fund. The details and governance around those are being worked through.

**The Hon. DAMIEN TUDEHOPE:** So what we've done is we've established a fund, and then the parameters for the use of that fund are still being worked out. Is that what you're telling me?

**LIZ LIVINGSTONE:** Which is usual practice. Before distributing funds, it's ideal to have very good governance around what the purpose of those funds are and how they might be used and invested in various initiatives. Again I'd emphasise that those aren't targeted just at domestic manufacturing. But those, along with the policy settings that Government has in place and its intent for procurement et cetera, will all contribute to building capacity for domestic manufacturing.

**The Hon. DAMIEN TUDEHOPE:** We'll wait to see. Effectively what you're telling me is that there are pockets of money available, but it's a wait-and-see provision in terms of how that money is going to be used and whether it does, in fact, support domestic manufacturing.

**LIZ LIVINGSTONE:** That's not quite the intent of my answer. My apologies if that was not clear. By procuring locally and having—and Ms Campbell might be able to talk more about these—targets for small or medium business and domestic procurement can in fact bolster the industry and its capability.

**SONYA CAMPBELL:** Yes. I'm happy to add to that, Mr Tudehope. I think, as the Minister said this morning, she assumed portfolio responsibility around eight weeks ago for domestic manufacturing and government procurement. Minister Chanthivong continues to have leadership around domestic manufacturing policy. Minister Houssos is responsible for the policy settings from a procurement perspective around how we leverage government expenditure to deliver on domestic manufacturing initiatives. So the work that we are doing as a department to support Minister Houssos will be looking at the Procurement Policy Framework and how we incorporate the Government's election commitments within that framework to provide the overarching policy settings that will guide government and agencies in terms of their procurement expenditure.

**The Hon. DAMIEN TUDEHOPE:** To date, though, you'd agree with me that there have been no changes to the Government's NSW Procurement Policy Framework?

**SONYA CAMPBELL:** There have been no changes to the Government Procurement Policy Framework, but there are ongoing discussions and there is work happening, Mr Tudehope.

**The Hon. DAMIEN TUDEHOPE:** In respect of the portfolio which supports the Minister, is it Treasury which supports the Minister in relation to her obligations?

**SONYA CAMPBELL:** In terms of the Minister's responsibilities under the Public Works and Procurement Act, yes, it is NSW Procurement within Treasury that supports the Minister.

**The Hon. DAMIEN TUDEHOPE:** But she has always had responsibility for procurement, has she not?

**SONYA CAMPBELL:** That's correct.

**The Hon. DAMIEN TUDEHOPE:** Since the election, the Minister was responsible for procurement policy.

**SONYA CAMPBELL:** For procurement policy, yes.

**The Hon. DAMIEN TUDEHOPE:** If there was an ability to have, for example, 30 per cent for local content, job creation and ethical supply chains, that could have been introduced already.

**UNCORRECTED**

**SONYA CAMPBELL:** Changes to the procurement policy would require decisions of government, and that is still a work in progress.

**The Hon. CHRIS RATH:** In your work recently, looking more at domestic manufacturing, are you aware of whether New South Wales has the ability for domestic manufacturing of trains, for instance? Do we have that capability at the moment?

**SONYA CAMPBELL:** I'm not personally aware, but I think that would be a question better directed to the Department of Enterprise, Investment and Trade and Minister Chanthivong, who have that responsibility for how we're going to grow and develop these industries in New South Wales.

**The Hon. CHRIS RATH:** Has your department looked at how increasing domestic manufacturing in New South Wales has implications in terms of our Constitution—as in, the Federal Constitution—regarding free trade between the States? My understanding is that there are times when there are issues that arise regarding State governments looking to promote their domestic manufacturing with regards to free trade between the States.

**SONYA CAMPBELL:** I haven't looked specifically at that between the States, but we have looked in detail at Australia's free trade obligations internationally and how we design policies that remain compliant with those obligations.

**The Hon. DAMIEN TUDEHOPE:** Tell me about that. How do you develop a policy which in fact fulfils the obligation in relation to our obligations under free trade agreements with a policy position which says that we will be committing to have contracts done in New South Wales? How do you resolve that issue without breaching the free trade agreements?

**SONYA CAMPBELL:** I think, as you would be aware, Mr Tudehope, there are exemptions and carve-outs—

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

**SONYA CAMPBELL:** —for small business, Aboriginal participation, particular agencies and sectors—

**The Hon. DAMIEN TUDEHOPE:** But there are already policy frameworks for those things.

**SONYA CAMPBELL:** Yes, and so I think the work that we have to do is how do we review and update those policies to strengthen them in line with the Government's commitments.

**The Hon. DAMIEN TUDEHOPE:** So are you actively seeking or corresponding with the Commonwealth for variations of free trade agreements?

**SONYA CAMPBELL:** That would be a matter of responsibility for the Premier's Department or the Cabinet Office.

**The Hon. DAMIEN TUDEHOPE:** But that would potentially have to be a component of delivering the policy position which the Government currently is committed to.

**SONYA CAMPBELL:** I think at this stage, Mr Tudehope, we'd be looking at what we can do within the constraints of those free trade agreements to be able to deliver on the Government's election commitments.

**The Hon. DAMIEN TUDEHOPE:** The Government, of course, has a commitment to deliver value for money and, in fact, has wanted to define "value for money" as including the multiplier effect of delivering domestic manufacturing. That's as you understand it?

**SONYA CAMPBELL:** Indeed, yes.

**The Hon. DAMIEN TUDEHOPE:** Is that in fact a component of potentially any alteration to the procurement framework?

**SONYA CAMPBELL:** I think that's just all policy development, Mr Tudehope, that is underway at the moment.

**The Hon. CHRIS RATH:** Do you have a working definition of "domestic manufacturing"?

**SONYA CAMPBELL:** That's a great question. I'm not sure that we do.

**The Hon. CHRIS RATH:** Maybe you could take it on notice?

**SONYA CAMPBELL:** Yes, I'm happy to take it on notice.

**The Hon. CHRIS RATH:** What about local content? Is there a working definition of "local content"?

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**SONYA CAMPBELL:** I'm happy to take that on notice as well.

**The Hon. CHRIS RATH:** And whether it includes, in both of those definitions, just New South Wales, in terms of local content, or does it also include all of Australia and New Zealand, for instance?

**SONYA CAMPBELL:** I agree the definitions are important, but that's all part of the policy design and development that's underway.

**The Hon. DAMIEN TUDEHOPE:** The Government has an ongoing goal of growing domestic manufacturing. I asked yesterday, and I just want you to confirm this, in relation to growing domestic manufacturing within the Minister's responsibility, is it the case that no modelling has been done in relation to the Federal Government's IR reforms?

**SONYA CAMPBELL:** That's not a question that I am able to answer, Mr Tudehope.

**The Hon. DAMIEN TUDEHOPE:** Ms Livingstone, are you able to answer that?

**LIZ LIVINGSTONE:** No, I'm not. If any modelling has been done, we would need to check with our colleagues and provide any information on notice.

**The Hon. DAMIEN TUDEHOPE:** You can take that on notice. I think we were looking for a modeller yesterday, and I don't know whether one has emerged. But would you think that it is important, if you are developing a domestic manufacturing industry, that you would need to be modelling the impact of Federal industrial relations laws?

**The Hon. BOB NANVA:** Point of order: Mr Tudehope is seeking an opinion from the public service.

**The CHAIR:** Yes. I uphold the point of order. Maybe you can reframe the question, Mr Tudehope.

**The Hon. DAMIEN TUDEHOPE:** If you were looking to implement it, would you be seeking some advice in respect of the impacts of IR modelling following the Federal Government's IR laws?

**SONYA CAMPBELL:** I think it's a component that would need to be considered, Mr Tudehope. This is a new policy direction. It requires cross-government collaboration, which Treasury will be a participant in.

**The Hon. DAMIEN TUDEHOPE:** Can I return to the comprehensive expenditure review. On Tuesday morning the Secretary of Treasury told me, or told the Committee, that the amount to be contributed from the \$13 billion reprioritisation from savings on labour hire was \$420 million. Do you recall that?

**LIZ LIVINGSTONE:** Yes, I do.

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

**LIZ LIVINGSTONE:** I do recall that.

**The Hon. DAMIEN TUDEHOPE:** There is a submission made by the Government prior to the election that the saving would be \$1.6 billion. Is there any accounting for how that difference arises?

**LIZ LIVINGSTONE:** I think, Mr Tudehope, you're referring to the Parliamentary Budget Office costing.

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

**LIZ LIVINGSTONE:** Once the Government confirmed its election commitments, Treasury worked with agencies to identify their spend on labour hire, or contingent labour, and asked them to confirm and verify that. There are a couple of issues with the data that the PBO used and they didn't consult with Treasury at the time that they developed their estimates. One is that the vendor system that they relied on had been progressively used by agencies. Hence, when they used data to extrapolate growth rates, the historical data wasn't a fair representation of that and they very significantly overestimated the growth in spend on labour hire in the forward estimates. Secondly, they didn't account for the fact that, if labour hire was attributed to capital, you wouldn't get a bottom-line saving on the budget that would sit in the balance sheet. So, after Treasury analysis, a saving of \$400 million-plus was applied across agencies.

**The Hon. DAMIEN TUDEHOPE:** So the submission to the Parliamentary Budget Office about that level of saving was inaccurate?

**LIZ LIVINGSTONE:** The data and assumptions that the Parliamentary Budget Office made we later found to be incorrect.

**UNCORRECTED**

**The Hon. DAMIEN TUDEHOPE:** In terms of reducing spending on agency hire recruitment of contractors in the general government sector, excluding workers in schools and hospitals, where you want to make a reduction of 25 per cent—you're aware of that?

**LIZ LIVINGSTONE:** That's right. That was the intent of the election commitment.

**The Hon. DAMIEN TUDEHOPE:** That's the goal which has been set. Are you able to tell us what the baseline is for that 25 per cent reduction?

**LIZ LIVINGSTONE:** I could take the detailed answer on notice, but obviously the 400-plus has been calculated from that baseline, so it was calculated on agencies' budgeted forecasts. It excluded the non-general government sector agencies. It excludes capital program expenditure and excludes expenditure for frontline roles. It's 25 per cent of that remaining portion of expenditure.

**The Hon. DAMIEN TUDEHOPE:** But you've actually given me the baseline figure—

**LIZ LIVINGSTONE:** Yes, which we could probably backcast if we all had calculators now, but—

**The Hon. DAMIEN TUDEHOPE:** No, but for assessing whether you've actually achieved the 400—

**LIZ LIVINGSTONE:** But the achievement of the—

**The Hon. DAMIEN TUDEHOPE:** Over a period of time.

**LIZ LIVINGSTONE:** Yes, will be monitored over a period of time.

**The Hon. DAMIEN TUDEHOPE:** And there is a reporting process—

**LIZ LIVINGSTONE:** That's right.

**The Hon. DAMIEN TUDEHOPE:** —in place quarterly. I think that was the information. The policy which was submitted to the Parliamentary Budget Office called for implementation by 1 July. That wasn't implemented, was it?

**LIZ LIVINGSTONE:** The Parliamentary Budget Office has to make a range of assumptions. Obviously they are doing their work before an election occurs and they don't know when the timing of the budget might be, but it's quite usual in an election year that the timing of the budget is delayed. Hence, this budget was handed down in September. I can clarify, but most of the savings were still applied for this financial year. I'll have to check whether they commenced on 1 July or commenced just post the budget, at the start of October, but the Parliamentary Budget Office has to make assumptions to be able to do its calculations and it wouldn't have known the timing of the budget being handed down.

**The Hon. DAMIEN TUDEHOPE:** The policy submitted to the Parliamentary Budget Office stated that the Executive would retain discretion—this is their words—to reallocate savings between clusters and agencies in order to protect essential services and deliver priorities. You're aware of that, and that's probably common practice?

**LIZ LIVINGSTONE:** Look, it's not in front of me, but that sounds like a sensible note that they would have added to their costing.

**The Hon. DAMIEN TUDEHOPE:** Are you aware of what savings allocations have been made to the Education portfolio?

**LIZ LIVINGSTONE:** The Education portfolio would have been treated the same as others, with those exclusions I mentioned, so it would have excluded expenditure for frontline roles, any capital program expenditure and so forth.

**The Hon. DAMIEN TUDEHOPE:** I understand. On notice, though, can you provide the portfolio allocations for savings on labour hire?

**LIZ LIVINGSTONE:** We'll have to check.

**The Hon. DAMIEN TUDEHOPE:** If you can—

**LIZ LIVINGSTONE:** We'll have a look to see what we can provide.

**The Hon. DAMIEN TUDEHOPE:** The secretary also informed us that the Minister for Finance was working on quarterly reports on these saving measures. When do you anticipate the quarterly report for July/September 2023 will be available?

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**LIZ LIVINGSTONE:** I expect it will be submitted for Cabinet consideration sometime before the end of the year.

**The Hon. DAMIEN TUDEHOPE:** Will it be published?

**LIZ LIVINGSTONE:** Not that I'm aware of, but that's a decision for Government.

**The CHAIR:** We're now due for a 15-minute break.

**The Hon. DAMIEN TUDEHOPE:** I have no further questions.

**MANDY YOUNG:** Excuse me, Chair, could I just come back with some of the questions on notice?

**The CHAIR:** Yes, absolutely.

**The Hon. DAMIEN TUDEHOPE:** You just want to relieve yourself of—

**MANDY YOUNG:** I want to relieve myself of writing them later.

**The CHAIR:** Sure. We'd love to hear some answers.

**MANDY YOUNG:** Just in terms of the quarantine fees and Ms Boyd's question, of those that we have either withdrawn or waived, about 700 were waived by NSW Health and two-thirds of those roughly related to the time in which people had booked their flights. If you had booked your flights before 13 July, midnight, then you were exempt from the fee. So they were waived. That was about two-thirds of them. The remainder were for a variety of reasons from Health. The remaining about 13,000 were for hardship. They were waived over hardship. In terms of the unresolved COVID fines, of that 13,500 that we have, that comes to about \$7.5 million dollars. In relation to the payroll tax compliance review, of those 9,091 compliance reviews that took place last year, 57 per cent of businesses were liable and that's \$247.4 million in compliance. The final one is the mineral royalty period, and it is an annual period if the amount is less than 50,000 and it's quarterly if it's over 50,000.

**The CHAIR:** Thank you, Ms Young, and thank you to all the government officers for your answers today and your attendance. The committee secretariat will be in touch in the near future regarding any questions taken on notice and any supplementary questions. So thank you very much for your attendance today.

**(The witnesses withdrew.)**

**The Committee proceeded to deliberate.**