

**FINANCE, SERVICES AND PROPERTY**  
**RESPONSES TO QUESTIONS ON NOTICE**  
**ESTIMATES COMMITTEE HEARING, 2 SEPTEMBER 2015**

1. Questions:

**The Hon. GREG DONNELLY:** So we have a situation where State-owned enterprises may not be on the register, is that what you are saying?

**Mr ROMANIUK:** That may be.

**The Hon. GREG DONNELLY:** Do you know if some are on the register?

**Mr ROMANIUK:** I could not tell you that.

**Mr DOMINIC PERROTTET:** We will take that question on notice.

Answer:

Yes, the Government Property Register (GPR) includes information on State Owned Corporations (SOCs).

2. Questions:

**The Hon. GREG DONNELLY:** Indeed. That is the net effect. What about leased properties—for example, where a leasing arrangement may have been entered into? Are they removed from the register or do they stay on it?

**Mr ROMANIUK:** In some cases the registered leases are captured, but I would have to take that on notice.

Answer:

Registered head leases will be included, both where the head lease is over agency owned land and the agency is lessor; and also where the head lease is over property owned by a third party and the agency is the lessee.

Leases are displayed on the property [register](#) until the day after the expiry date, but if there is an option period they stay on until removed.

3. Questions:

**The Hon. GREG DONNELLY:** Would there be cases where properties would not be on the register if they were leased?

**Mr ROMANIUK:** There could be leases that are unregistered.

**The Hon. GREG DONNELLY:** Could you give me an example of that?

**Mr ROMANIUK:** I could take that on notice.

Answer:

In NSW, a lease for a term exceeding 3 years must be registered in order to pass an estate to the lessee. In addition, although not required, a lease for a term of 3 years or less, including an option to renew, may be registered.

4. Questions:

**The Hon. GREG DONNELLY:** You are not actually answering the questions. The question was not directed to you. Why would some leases be on the register and others not?

**Mr DOMINIC PERROTTET:** We will take that question on notice.

**The Hon. GREG DONNELLY:** This is budget estimates for 2015-16. The register has obviously progressively been updated. How many properties are on the register?

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

**Mr DOMINIC PERROTTET:** A significant number. We will take it on notice.

Answer:

It is currently the Agency's responsibility to update other/unregistered lease information in the GPR.

5. Questions:

**The Hon. GREG DONNELLY:** Can I ask you to take on notice my specific questions for those financial years?

**Mr DOMINIC PERROTTET:** No, we have got the specifics. I will pass to Mr Hoffman.

**Mr HOFFMAN:** In 2012-13, \$559 million; 2013-14, \$63 million; and 2014-15, \$286 million. I will confirm that last number on notice because it is very close to the end of the financial year and when transactions actually closed might matter. But it is in that order of \$286 million-plus.

**The Hon. GREG DONNELLY:** I fully appreciate that. Thank you. You can take that part on notice.

**The Hon. GREG DONNELLY:** Minister, would you be able to provide a breakdown in dollar figures of what you have just described on notice? In other words, how much has been sent across—if I can use that phrase—to Restart NSW?

**Mr DOMINIC PERROTTET:** Yes.

**The Hon. GREG DONNELLY:** I presume the other part, which we are about to hear about, is the other amounts going off to the agencies?

**Mr DOMINIC PERROTTET:** I will take that on notice. You want that breakdown over what period of time?

**The Hon. GREG DONNELLY:** Since the establishment of Government Property NSW.

**Mr HOFFMAN:** Typically the funds received from the assets of other agencies would return to the Consolidated Fund. They may be the subject of a particular ERC decision that will see them effectively retained by the agency and recycled into capital projects delivered by and for that particular agency. We also have to distinguish between the actual management of cash versus the accounting treatment of those funds. Treasury manages a cash management approach to ensure that the State's cash assets are best optimised and held, interest is earned, et cetera. That is slightly different to where the accounting treatments of the funds might end up.

**The Hon. GREG DONNELLY:** That is fine. Thank you.

Answer:

GPNSW sold 48 properties during 2014/15 with a total value of \$346m.

As the policy to transfer funds from property asset sales to the Restart NSW Fund was only established on 1 July 2015, no proceeds have been transferred across to-date.

6. Questions:

**The Hon. GREG DONNELLY:** I was holding my breath for that answer. I am grateful for it. Have any of the buildings that have been sold since the establishment of Government Property NSW been leased back to the Government?

**Mr DOMINIC PERROTTET:** There are a number.

**The Hon. GREG DONNELLY:** Could that list be provided to the Committee on notice?

**Mr DOMINIC PERROTTET:** Yes.

Answer:

Yes, the following properties were sold by GPNSW and included lease backs to GPNSW:

1. 167 Rusden Street, Armidale
2. 32 Gordon Street, Coffs Harbour
3. 324-330 Pacific Highway, Hornsby
4. 64 Shoalhaven Road, Kiama
5. 23 Central Road, Port Macquarie
6. Cnr Aurora Avenue, Queanbeyan
7. 1-15 River Street, Silverwater
8. Cnr Peel & Hill Street, Tamworth
9. 2 Fox Street, Wagga
10. 237 Wharf Road, Newcastle
11. 357 Glebe Point Road, Glebe
12. PJP, Marsden Street, Parramatta
13. 4-6 Bligh Street, Sydney
14. 2-24 Rawson Place, Sydney
15. 207 Kent Street, Sydney
16. 2-6 Station Street, Penrith
17. 84 Crown Street, Wollongong
18. 11 Farrer Place, Queanbeyan
19. 117 Bull Street, Newcastle
20. 570 George Street, Sydney was sold by GPNSW on behalf of Ausgrid with a lease back to Ausgrid

7. Questions:

**The Hon. GREG DONNELLY:** Are there common contract or lease-back arrangements for those buildings or does it vary from property to property?

**Mr DOMINIC PERROTTET:** I would expect that to vary from property to property.

**The Hon. GREG DONNELLY:** For example, has the Ausgrid building in George Street been leased back?

**Mr DOMINIC PERROTTET:** Most likely. I can't confirm that, but I assume that it has been.

**The Hon. GREG DONNELLY:** Take it on notice. Has the Hunter Water building on Wharf Road in Newcastle been leased back? Do you need to take that on notice?

**Mr DOMINIC PERROTTET:** I will take it on notice. There is a lot of property. We do not know them all.

Answer:

Lease back arrangements will vary from site to site based on the individual circumstances of the building, the tenant and the market conditions. Ausgrid Building – Yes this building has been leased back.

237 Wharf Road, Newcastle – Yes this building has been leased back.

8. Questions:

**Dr JOHN KAYE:** That is not what I was asking. Mr Hoffman, you have taken a whole-of-government value. I am asking specifically about financial transaction, not economic transaction. Are you looking back to determine the financial benefits of the individual transactions? I am not asking about the value of capital to the whole of government.

**Mr HOFFMAN:** We can take that on notice.

Answer:

The financial aspects of a sale and lease-back transaction do not change when looking back as the sale price receipts and forward rental outgoings are generally known with certainty at the time of the transaction. What does not change is the economic value of the alternate use of the freed up capital.

9. Questions:

**CHAIR:** We will now move on to my own questions as a crossbench member. Minister, I note in regard to WorkCover a budget increase of 25.5 per cent for the WorkCover Authority and a 7 per cent increase in funding for the Dust Diseases Board. How does the coverage for workplace injury now in New South Wales compare with the other States?

**Mr DOMINIC PERROTTET:** I will pass to the CEO of WorkCover to comment on that.

**Mr BHATIA:** In terms of the actual benchmarks in other States, I can come back to you with specifics.

**Answer:**

The increase between WorkCover's revised 2014/15 and 2015/16 expenditure budget is primarily due to a combination of lower levels of expenditure in 2014/15, annual CPI increases of 2.5 per cent, and additional Independent Legal Assistance and Review Service (ILARS) grants to support injured workers where there is a disagreement with insurers regarding entitlements.

The increase between DDB's revised 2014/15 and 2015/16 expenditure budget is primarily due to annual CPI increases of 2.5 per cent and a reduction in the discount rate used in actuarially assessed claims liabilities.

10. Questions:

**The Hon. PETER PRIMROSE:** How many IT jobs providing services are located interstate or overseas?

**Mr DOMINIC PERROTTET:** IT specifically? Are you referring to ServiceFirst or are you saying across government?

**The Hon. PETER PRIMROSE:** Just across government. Will you take that on notice?

**Mr DOMINIC PERROTTET:** I will take that on notice.

**The Hon. PETER PRIMROSE:** How many full-time equivalent staff were employed by ServiceFirst New South Wales in July 2014?

**Mr HUBBY:** I will take the specific number on notice but there are approximately 300 staff, 70 of which were contractors and roughly 220 employees.

**The Hon. PETER PRIMROSE:** Is that as at July 2014?

**Mr HUBBY:** I will take on notice the exact number.

**Answer:**

In any year, over 10,000 businesses supply IT services to NSW Government agencies. The NSW Government does not have information about the specific locations of these businesses' employees providing those services to government agencies.

ServiceFirst employed 305 full-time equivalent staff in July 2014.

11. Questions:

**The Hon. PETER PRIMROSE:** Will you take on notice how many as at today and how many in six months hence is your projection.

**Mr HUBBY:** We will take that on notice.

Answer:

As at 2 September 2015, ServiceFirst employed 242 full-time equivalent staff. In six months, ServiceFirst will be closed.

12. Questions:

**The Hon. PETER PRIMROSE:** On what date did you become aware that the negotiations to outsource the work of ServiceFirst New South Wales included the possibility of work being sent offshore?

**Mr DOMINIC PERROTTET:** I will take that on notice.

Answer:

The ServiceFirst procurement process commenced in March 2014, following completion of a Scoping Study.

Government made the decision to accept some offshore component in December 2014, when it gave in principle approval to proceed with the outsourcing arrangement. Government requested that further work be undertaken on the preferred delivery model, including the onshore/offshore mix and the possibility of a regional service deliver centre in NSW.

The model selected by Government keeps 70 percent of all jobs onshore, and more specifically, 90 percent of IT jobs on shore. The agreement also commits the vendors to establishing centres to service the contract in Western Sydney.

13. Questions:

**The Hon. PETER PRIMROSE:** Are you aware of a scoping study of September 2013 to this effect that was undertaken by former Minister Constance?

**Mr DOMINIC PERROTTET:** I will take that on notice. You are asking me about what I was aware of at a time 12 months ago. I will have to take on notice when I was actually made aware of various things.

Answer:

The ServiceFirst procurement process commenced in March 2014, following completion of a Scoping Study. The process was designed to solicit feedback from the market as to the best delivery model, and progressively down-selected vendors until preferred suppliers were identified.

14. Questions:

**The Hon. PETER PRIMROSE:** Would you also take on notice the following: Did final bids from shortlisted vendors begin in July 2014? How is it possible that on 22 August 2014 you were not aware as Minister that some of these shortlisted bids included offshoring of jobs?

**Mr DOMINIC PERROTTET:** I will take them on notice.

Answer:

Government made the decision to accept some offshore component in December 2014, when it gave in principle approval to proceed with the outsourcing arrangement.

15. Questions:

**The Hon. PETER PRIMROSE:** What were the costs last year of developing the new software that has been used by Service NSW?

**Mr KING:** We use a range of software and a range of particular suppliers. I will have to take it on notice in terms of 2013-14. But in 2014-15 Service NSW is projected to spend approximately \$47 million on other operating expenses, excluding employee expenditure. The vast majority of this expenditure is for expenses such as contractors, property leases, telephone and also IT.

**The Hon. PETER PRIMROSE:** That is for 2014-15. Will you provide a projection for the development of new software for this financial year?

**Mr KING:** For 2015-16, I will take that on notice.

Answer:

Service NSW expects capital expenditure of a further \$41 million in 2015-16 on the development of our service delivery technology platforms and infrastructure.

16. Questions:

**The Hon. PETER PRIMROSE:** The 2013-14 annual review of the Office of Finance Services noted:



People who apply for compensation are now advised of medical authority decisions within 24 hours and of awards of compensation within 48 hours.

Minister, will you guarantee at least the same speed for notifications under the new arrangements?

**Mr DOMINIC PERROTTET:** Can I take that on notice? I am not exactly across what specific issue that falls under. I will check and give you a response.

Answer:

The reforms passed by the Parliament introduce strict new timeframes on the Dust Diseases Authority for a decision on a claim to be made within two working days of the approval by the Medical Assessment Panel.

17. Questions:

**Dr JOHN KAYE:** Can you give us a breakdown of the job classifications of the people whose jobs are being reviewed through this process?

**Mr DOMINIC PERROTTET:** I could provide you on notice with a list of each of the business units within Public Works and provide you with a list of those which we are not examining if that would assist.

**Dr JOHN KAYE:** That would be great. Thank you.

**Mr HOFFMAN:** Just to confirm, by job classifications do you mean the sort of work they do or their public service grading?

**Dr JOHN KAYE:** No, the sort of work they do. I would like to know how many plumbers, how many electricians, for example.

**Mr DOMINIC PERROTTET:** How many employees and then listed by the types of works?

**Dr JOHN KAYE:** The occupations.

**Mr DOMINIC PERROTTET:** That is fine.

Answer:

STAFF NUMBERS BY CLASSIFICATION @ 10/09/2015

CLASSIFICATION	DEPUTY SECRETARY'S UNIT	GOVERNMENT ARCHITECTS OFFICE	NSW WATER SOLUTIONS	FACILITIES MANAGEMENT	STRATEGIC SUPPORT & BUSINESS PERFORMANCE	PROJECT MANAGEMENT - NORTH COAST REGION	PROJECT MANAGEMENT - HUNTER NEW ENGLAND REGION	PROJECT MANAGEMENT - RIVERINA WESTERN REGION	PROJECT MANAGEMENT - SOUTH COAST REGION	PROJECT MANAGEMENT - SYDNEY REGION (Project Management)	PROJECT MANAGEMENT - SYDNEY REGION (Heritage Services)	PROJECT MANAGEMENT - SYDNEY REGION (Construction Services Group)
Management	1	5	5	1	3	5	5	7	4	9	2	17
Project Managers	0	0	0	0	4	33.2	49	33	28.76	52	8	58
Business Support	1	9	8	1	8	9	10	10	4	6	2	8
Specialist Services	0	0	0	0	9	0	0	0	0	0	0	0
Architects	0	42	0	0	0	0	0	0	0	0	0	0
Engineers	0	32	57	0	0	0	0	0	0	0	0	0
Quantity Surveyors	0	9	0	0	0	0	0	0	0	0	0	0
Surveyors	0	0	7	0	0	0	0	0	0	0	0	0
Technical Specialists	0	19	49	0	0	0	0	0	0	0	0	0
Scientist	0	0	5	0	0	0	0	0	0	0	0	0
Inspectors (Cleaning)	0	0	0	5	0	0	0	0	0	0	0	0
Asset Managers	0	0	0	16	0	0	0	0	0	0	0	0
Stonemasons	0	0	0	0	0	0	0	0	0	0	25	0
Stonemason Apprentices	0	0	0	0	0	0	0	0	0	0	2	0
Scaffolder	0	0	0	0	0	0	0	0	0	0	1	0
Roof Plumber	0	0	0	0	0	0	0	0	0	0	1	0
Labourers	0	0	0	0	0	0	0	0	0	0	1	1
Carpenters	0	0	0	0	0	0	0	0	0	0	0	15
Carpenter Apprentices	0	0	0	0	0	0	0	0	0	0	0	4
Electricians	0	0	0	0	0	0	0	0	0	0	0	5
Electrician Apprentices	0	0	0	0	0	0	0	0	0	0	0	2
Plumbers	0	0	0	0	0	0	0	0	0	0	0	21
Plumber Apprentices	0	0	0	0	0	0	0	0	0	0	0	6
Painters	0	0	0	0	0	0	0	0	0	0	0	4

## 18. Questions:

**Dr JOHN KAYE:** It was a good quote and it was good that Mr Primrose found it because it motivates my next question. Let us go to the issue of the steel industry and in particular the No. 5 blast furnace—the last remaining blast furnace in Port Kembla. Do you have a handle on how much raw equivalent steel is purchased through government contracts each year? I am asking for the number of millions of tonnes.

**Mr DOMINIC PERROTTET:** I can take the exact figure on notice but in relation to—

**Dr JOHN KAYE:** Do you understand the question I am asking, Minister? And you must understand why I am asking it.

**Mr DOMINIC PERROTTET:** Yes, I understand the question. We do not have the figure but we can get you that on notice.

**Dr JOHN KAYE:** My question relates specifically to the issue of how much of that, along with imported steel, ends up in government paid-for infrastructure and other projects.

**Mr DOMINIC PERROTTET:** We will take that question on notice.

Answer:

The NSW Government does not record the amount of steel purchased through government contracts each year.

19. Questions:

**CHAIR:** Thank you, we will now move on to my questions. Minister, I note that the Small Business Employment Incentive Grant has been available since 1 July 2015. What response are you getting to that grant? How many positions have been created? I realise that it has only been running for the past two months. What is your estimate for 2015?

**Mr DOMINIC PERROTTET:** Mr Chair, as you know, the Government is committed to supporting small businesses and alleviating the burden on them. As you would be aware, we committed to cutting taxes on small businesses, some \$7,500, before the last election. In relation to that program, it is one program of many that we have put together. As you quite rightly said in your question, the program has only been running for two months now. So I do not have any specific figures in front of me but I am happy to take that question on notice and come back to the Committee with those details.

**CHAIR:** Could you also provide an estimate as to what the response could be over the 12 months.

**Mr DOMINIC PERROTTET:** I will pass that question over to Mr Hoffman.

**Mr HOFFMAN:** As at 31 August some 115 businesses have registered for the Small Business Grants and Jobs Action Plan rebate, with 147 new positions at that stage. We would expect that to ramp up as greater awareness and familiarity with the program comes. As the Minister has said, we can take it on notice to get a full-year estimate for you.

Answer:

As at 9 September 2015, 157 businesses have registered 226 new positions under the scheme.

It is estimated that OSR will receive up to 4,500 registrations for the Small Business Grant during the 2015-16 financial year.

20. Questions:

**CHAIR:** Some drivers, for a variety of reasons, do not know or have forgotten that their registration has expired.

**Mr DOMINIC PERROTTET:** Once again, I would say that changes to registration would be a policy issue for the roads Minister but it might be informative if I pass to the chief executive officer of Services NSW to provide some additional information.

**Mr KING:** From my understanding, reminders are also sent out. A number of communications are sent out to the various citizens. A number of aspects are put in place but we can follow that up with the roads authority.

**CHAIR:** One of the problems with a letter being sent is perhaps the person has moved and his or her mail has not been forwarded.

**Mr KING:** My understanding is that we get notified of changes of address. However, there will always be circumstances where we are not notified, things will go to the wrong address and there is return of mail. My understanding is that the best intent is always to proactively contact people and keep those details up to date. My other aspect of understanding is that data management and ensuring data accuracy is one of the ongoing challenges not only within the public sector but also in the private sector. That is something that we are working to address within Service NSW. I am happy to take your question on notice.

Answer:

Roads and Maritime Services and Service NSW promote registration renewal to customers by publishing reminders through the media, on the Roads and Maritime website, and partner sites, including NSW Government and Transport for NSW, messaging on registration renewal notices, and flyers in service centres and motor registries.

21. Questions:

**CHAIR:** Are there any plans to streamline the requirements for registering a vehicle in New South Wales?

**Mr DOMINIC PERROTTET:** That is a good question.

**Mr KING:** Thank you for the question. Service NSW is always looking at how it can streamline and improve processes not only for citizens but also for small businesses. We work very closely with different agencies across New South Wales, whether it is Roads or other organisations such as Fair Trading or the small business office. In terms of the particular question asked, we would work very closely with Roads and Maritime Services to see what streamlining is possible, and also how it would work not only from a citizen's perspective but also from a legislative perspective. If there are plans I will certainly take that on notice and come back to the Committee.

Answer:

Service NSW and Roads and Maritime Services are working together to improve the online experience of vehicle registration through the Service NSW digital channel.

The Roads and Maritime Services and Transport for NSW Vehicle Registration Initiatives policy reform project aims to:

- develop a fairer registration scheme that encourages the uptake of safer and greener new vehicles
- improve registration charging fairness across the vehicle fleet
- enhance customer service.

Extensive consultation has been undertaken with the NSW community, key stakeholder groups, and government agencies regarding the proposed reforms. Consultation included focus groups, an online survey of over 2,000 customers, and over 300 submissions in response to the public Discussion Paper released in June 2014.

Transport for NSW commissioned an independent analysis of all submissions. Policy options and implementation plans are being finalised for the NSW Government's consideration and approval

22. Questions:

**CHAIR:** The cluster you are involved with provides revenue administration services. Does the Government have any plans to increase those charges?

**Mr DOMINIC PERROTTET:** Charges for?

**CHAIR:** Revenue administration services.

**Mr DOMINIC PERROTTET:** I will take the question on notice. But from my understanding there are no plans to do that. I will pass to the secretary.

**Mr HOFFMAN:** Mr Chair, can I clarify if you are referring to the Office of State Revenue and the charges they may levy?

**CHAIR:** Yes.

**Mr HOFFMAN:** As the Minister said, we will take the question on notice.

Answer:

No.

23. Questions:

**The Hon. GREG DONNELLY:** I am trying to understand whether that includes all the organisations that can transact the sale of property.

**Mr DOMINIC PERROTTET:** I think so, but I will take it on notice.

**The Hon. GREG DONNELLY:** Please do.

Answer:

This information is publicly available – refer to Premier’s Memorandum 2012-20 at: [www.dpc.nsw.gov.au](http://www.dpc.nsw.gov.au).

24. Questions:

**Mr DOMINIC PERROTTET:** You would like us to look at whether we could publish the details of individual properties that are sold and the amounts that are realised from those sales?

**The Hon. GREG DONNELLY:** Yes.

**Mr DOMINIC PERROTTET:** Do you mean properties sold only by Government Property NSW or those sold across government agencies?

**The Hon. GREG DONNELLY:** I mean specifically the ones sold by Government Property NSW that are in your bailiwick.

**Mr DOMINIC PERROTTET:** I will take that on notice. I am very open to the suggestion, but I need to seek advice to confirm the ability to do that. For the purposes of open and transparent government, I cannot see why we would not do that.

Answer:

All contracts with a value of \$150,000 or more entered into by GPNSW, including properties sold are published on the GPNSW website.

25. Questions:

**The Hon. GREG DONNELLY:** Would you confirm that if the information were placed on the website it would be left on the website; it would not be taken off?

**Mr DOMINIC PERROTTET:** Servers go down occasionally.

**The Hon. SCOTT FARLOW:** Are you suggesting that they might put it up for five seconds then take it down?

**Mr DAVID SHOEBRIDGE:** You are giving them ideas. That is the problem.

**The Hon. GREG DONNELLY:** I am promoting transparency. I will provide the Minister with the schedules for reference.

**Mr DOMINIC PERROTTET:** I will look at it and provide an answer on notice.

**The Hon. GREG DONNELLY:** That is fine. Thank you.

**CHAIR:** Would you like to table the schedules?

**The Hon. GREG DONNELLY:** No. I am providing them to the Minister so that he can see what I have been referring to.

**Mr DOMINIC PERROTTET:** Where are the schedules from?

**The Hon. GREG DONNELLY:** It is not clear.

**Mr DOMINIC PERROTTET:** Did you make up that document?

**The Hon. GREG DONNELLY:** No. It is on Government Property NSW letterhead. I ask that you take my question on notice and come back with an answer, including on the issue of keeping the information on the website so that it does not disappear mysteriously overnight.

**Mr DOMINIC PERROTTET:** I understand. I will come back to you with an answer.

**ANSWER:**

No, the information would only remain on the website for six months due to the large volume of transactions. The contracts register requires sales contracts to be listed on the register for six months after which they are removed.

26. Questions:

**The Hon. GREG DONNELLY:** I turn to the Office of State Revenue. Minister, how many full-time equivalent staff were there at each of the three Office of State Revenue sites in July 2015, that is, Parramatta, Wollongong and Newcastle? Do you or the officers have that number here?

**Mr HUBBY:** We will have to take that on notice. We do not have the number broken down by location.

**Mr DOMINIC PERROTTET:** We do not have it broken down by location. We will take it on notice.

Answer:

The number of full-time equivalent staff at each of the three Office of State Revenue sites in July 2015, that is, Parramatta, Wollongong and Newcastle are:

Sites	Number of FTEs' (as at 18 June 2015)
Parramatta	764.5
Wollongong	25.6
Newcastle	24.3

27. Questions:

**The Hon. GREG DONNELLY:** I will move to the issue of NSW Public Works. Minister, with respect to the announcement that was made in June and the briefing that was provided to the employees in June—it is called the transformation program document—was this all underpinned by a piece of research or a piece of work that had been done by a consultant to lay out how this could be achieved, or was this done internally?

**Mr DOMINIC PERROTTET:** I believe so.

**Mr HOFFMAN:** We often use advice externally to assist in government decision-making.

**The Hon. GREG DONNELLY:** Were they in this case as well? You can take it on notice.

**Mr HOFFMAN:** I will take it on notice.

**Mr DOMINIC PERROTTET:** I am pretty sure there was.

**The Hon. GREG DONNELLY:** If you could provide details of what the value of the contract was for the piece of advice with respect to the provision of the proposal and, of course, the consultants who did that.

Answer:

The review of NSW Public Works was completed by a DFSI internal team supported by Deloittes.

Deloittes contract sum was \$1,266,145 (excluding GST).

28. Questions:



**The Hon. GREG DONNELLY:** I note in the document on page 9 it says—I am sorry, you may not have it but I will quote from it. It says in the second dot point:

NSW Public Works has consistently delivered a surplus and provides significant unpaid services for governments.

If you complete the transformation described—and I think a two-year period has been set aside for that—who is going to do these unpaid services, or will these services not be provided any longer?

**Mr DOMINIC PERROTTET:** As I have said from the outset, we will not be exiting any businesses or government operations where those services are not provided or cannot continue to be provided by the private sector. All the considerations are made based on whether there is a contestable private market for those services and we consider value for money for our taxpayer dollars. The issue with the current Public Works business model is that what we are trying to do here is reposition it and strengthen it going forward because it is revenue which is forecast to decrease by approximately 40 per cent and would cause—

**The Hon. GREG DONNELLY:** Just to interrupt you there. That was announced in your press release at the time in June. Where did those numbers come from—the numbers in your press release about the downturn in revenue and related matters? The exact quote is:

... the already declining revenue of Public Works is forecast to fall by up to 40%, causing—

**Mr DOMINIC PERROTTET:** —"a \$300 million budget hole over the next 10 years". Is that the one you have?

**The Hon. GREG DONNELLY:** Yes. Where did that come from?

**Mr DOMINIC PERROTTET:** That would have come from the work that was done previously. We have taken it on notice in relation to the study that you were referring to. I will check it.

Answer:

The review of NSW Public Works was completed by a DFSI internal team supported by Deloitte. Deloitte's contract sum was \$1,266,145 (excluding GST). Deloitte prepared estimates of the likely future demand for services based on feedback from key clients and modelled the impact on revenue over a 10 year period. This work projected an unfunded exposure of \$300 million.

29. Questions:

**Mr DAVID SHOEBRIDGE:** What are the projected surpluses going forward then? You must have a projected surplus for 2016 and 2017, Mr Bhatia?

**Mr BHATIA:** When we did the 31 March valuation it was an extension of what had transpired between 31 December and 31 March, which were the changing bond rates and interest rates in the market, which were quite dramatic. The projections in December are not valid in June simply because the investment markets have completely changed tone. We are awaiting at the moment the 30 June projected surpluses.

**Mr DAVID SHOEBRIDGE:** With those caveats, what were the projections in December?

**Mr BHATIA:** The projections were that if the benefit reforms were not made then we would get to 120 per cent. At that point in time the key decision was to ensure that we can understand how much of that will be devoted to meet the election promise and 117 per cent minus 110 per cent was about \$1.008 billion, which was put aside.

**Mr DAVID SHOEBRIDGE:** Perhaps you could take it on notice then—the best advice you can give about the projected surpluses in 2016 and 2017.

**Mr BHATIA:** Absolutely, and we will make sure that that is part and parcel of the disclosure after the 30 June valuations are complete.

Answer:

The projected funding ratios will be provided once the 30 June valuation is complete.

30. Questions:

**Mr DAVID SHOEBRIDGE:** They are required, there and then, to address that to get a whole person impairment assessment. If that then crystallises their whole person impairment assessment, they are stuck with it forever. Do you see, the problem is that section 66 (1A) does not allow for those obvious changes in circumstances and does not fit well with your new thresholds.

**Mr DOMINIC PERROTTET:** I take the question. I will pass to the CEO to respond.

**Mr BHATIA:** I will take the question on notice and come back to you with a written explanation. But, in short, what I can say is that the intention is that if an approved medical specialist verifies that the person has not reached maximum impairment or that the injury has not stabilised, the need for assessment at that two- or five-year period can be pending. If there is a dispute at that point in time on the opinion of the approved medical specialist and the insurer, the injured worker can obviously access the dispute resolution through the Workers Compensation Commission.

Answer:

As a result of the Government's recent workers compensation reforms, an injured worker's entitlement to medical expenses is not solely dependent on an assessment of permanent impairment. A worker's entitlement to medical benefits is also contingent upon a worker's entitlement to weekly payments.

Where a worker receives an injury that leads to incapacity for work and is subsequently in receipt of weekly payments, the cap on compensation for medical expenses will only apply once weekly benefits cease to be payable. Workers compensation weekly benefits have been structured relative to the degree of injury, recognising that more severe injuries that require ongoing treatment are likely to also have weekly payments payable on an ongoing basis.

Where there is a dispute about the level of permanent impairment, workers can be assessed by an Approved Medical Specialist (AMS) through the Workers Compensation Commission. The AMS will determine whether the worker has reached maximum medical improvement and if so will proceed to determine the level of permanent impairment.

Where the AMS advises that permanent impairment cannot be ascertained because the worker has not reached maximum medical improvement the AMS will decline to assess the injured worker. As an assessment for permanent impairment has not been undertaken, the injured worker still retains the one assessment available under section 322A of the *Workplace Injury Management and Workers Compensation Act 1998*.

The *Workers Compensation Act 1987* allows workers to continue to receive medical entitlements if the assessment of the degree of permanent impairment of the worker is pending and has not been made, because an AMS has declined to make the assessment on the basis that maximum medical improvement has not yet been reached.

The AMS finding would be binding and would allow the worker to continue to have access to medical support while their condition is still unstable. However, this finding would not preclude a further review and assessment by an AMS once maximum medical improvement has been reached.

Once a worker's degree of permanent impairment has been assessed, by a medical assessor or by an AMS, and the degree of the worker's permanent impairment has been agreed, the worker will be entitled to compensation for that degree of that impairment only.

Based on this, the worker is considered to be a worker with highest needs and the compensation period for medical expenses continues until they are subsequently assessed as having reached maximum medical improvement and the degree of permanent impairment is known. Where a party to the medical dispute does not agree with the medical assessment certificate reflecting the assessed degree of impairment an appeal process is available.

31. Questions:

**CHAIR:** Has this workplace safety program actually had a measurable effect? In other words, can we compare fatalities in 2013-14 and major injuries—loss of limbs, arms, legs? Has there been a reduction? Could you take that on notice?

**Mr BHATIA:** I will take that on notice in terms of statistics.

Answer:

A comparison of fatalities and major injuries in 2013/14 with previous periods shows a reduction in each.

Fatalities

Employment related fatalities decreased by 46 per cent from 125 in 2004/05 to 67 in 2013/14. The employment related fatality incidence rate, that is, the number of fatalities per 100,000 employees, decreased by 52 per cent since 2004/05.

Major employment injuries

The number of major employment injuries reported in 2013/14 was 30,126, a decrease of 3,453, or 10 per cent, from 33,579 in 2012/13.

Employment injuries

A total of 96,288 employment injuries were reported in 2013/14, a decrease of 8,721 injuries, or eight per cent, from 105,009 in 2012/13.

32. Questions:

**The Hon. GREG DONNELLY:** The mystery three pages that appear and then seem to disappear are from the Government Property NSW website, but they do seem to come on and come off.

**Mr DOMINIC PERROTTET:** I will take it on notice. I am very happy from a principle perspective. Transparency is very important and if we decided to put it up we will do our best to make sure that it remains.

Answer:

All contracts with a value of \$150,000 or more entered into by GPNSW, including properties sold are published on the GPNSW website.