

Committee hearing transcript – Questions taken on Notice

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The Hon. LUKE FOLEY: I would like some more comprehensive detail. How many customers of Sydney Water receive estimated bills?

The Hon. GREG PEARCE: I will take that question on notice.

The Hon. LUKE FOLEY: It is 3 per cent, is it not?

The Hon. GREG PEARCE: I said I would take that question on notice and provide the detail.

Answer

Around 2.5 per cent of water bills are estimated.

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The Hon. LUKE FOLEY: Minister, why have you cut the budget of the meter replacement program of Sydney Water by 20 per cent in this year's budget?

The Hon. GREG PEARCE: That is a matter I will ask Mr Coutts-Trotter to address.

Mr COUTTS-TROTTER: I will take that question on notice.

Answer

Sydney Water has forecast that fewer meters will need to be replaced in 2012-13 and the deferral and review of a remote metering project.

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The Hon. LUKE FOLEY: I refer to a household without a water meter. That household is charged water usage that is based on average household consumption across Sydney Water's customer base, is it not?

The Hon. GREG PEARCE: I will refer that question to Sydney Water. I am not on the ground replacing water meters myself; I am actually the Minister.

The Hon. LUKE FOLEY: Do you know what the policy is for the 51,000 households that receive estimated bills?

The Hon. GREG PEARCE: I said I will take that question on notice and provide a very detailed answer.

Answer

A household without a water meter is charged an unmetered water service charge each quarter. The charge is determined by the Independent Pricing and Regulatory Tribunal.

Only around 33,000 estimated bills are issued each quarter. If a water meter is inaccessible, Sydney Water requests the customer to read the meter. If Sydney Water does not receive a response from the customer, the water use is estimated based on the customer's previous water usage pattern. Sydney Water will credit any difference to the customer when a meter reading is finally obtained.

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Dr JOHN KAYE: Minister, can you explain why Hunter Water holds a lot of purchase land in the vicinity of Mamie Johnson Creek?

The Hon. GREG PEARCE: I will take that on notice. I do not know the full history of every land purchased by Hunter Water.

Answer

Hunter Water acquired two parcels of land in the vicinity of Mammy Johnsons River in 1976 and 1982. These parcels were purchased for a potential future water source approximately 15 kilometres east of Wards River, via Stroud. Hunter Water has no immediate plans for these rural land holdings and historically they have been leased out for agistment purposes.

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CHAIR: Just some general questions. In the budget papers under the Finance and Services cluster performance report there are a number of targets. Can you advise how close you are to achieving those targets?

One was to provide potential for 72,000 dwellings through new zonings, proposed zonings and development approvals. What progress are you making in achieving that target?

Mr COUTTS-TROTTER: Reverend Nile, I will have to take that on notice and take it to the Department of Planning and Infrastructure and ask them to provide the information.

Answer

Reference to providing the potential for 72,000 dwellings is included on page 5-1 of the NSW Performance Report 2012-13 under the heading Progress in 2011-12. This is the outcome of actions taken in the previous financial year. There are a range of measures in the Budget that will further support housing construction.

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Mr COUTTS-TROTTER: The discussion paper attracted a very significant engagement from the community. There were a lot of submissions. It will lead to a further paper which will in turn lead to proposed legislative change I think in early 2014.

CHAIR: Is that the timetable—2014?

Mr COUTTS-TROTTER: From recollection, but I will confirm that for the Committee.

Answer

Submissions on the discussion paper close on 15 November 2012. Following assessment of all comments received and meetings with key stakeholders, a paper will be released to seek the community's views on a package of reform proposals. This will be followed by the introduction of legislation into Parliament in late 2013 or early 2014.

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CHAIR: In regard to the housing issue, there was also a commitment to deploy a team of what the budget papers call release area delivery managers in north-west and south-west Sydney. How many of those managers have been appointed?

Mr COUTTS-TROTTER: They are staff within the Department of Planning and Infrastructure. I will confirm that with the department and report back to the Committee, so I will take it on notice.

CHAIR: At this stage you are not sure how many?

Mr COUTTS-TROTTER: No.

The Hon. GREG PEARCE: They are not our department, so we will have to ask the Department of Planning for that precise information for you.

Answer

Two Release Area Delivery Managers and one senior environmental planning officer have been appointed.

CHAIR: There is another area where the Government has extended stamp duty concessions to what the budget papers call empty-nesters over 55 years of age. What is the definition of an empty-nester and what has been the response to that concession?

The Hon. GREG PEARCE: Reverend Nile, you and I probably would qualify if we wanted to. It is essentially picking up parents who are still occupying large homes after their children have moved out. The intention is to facilitate them moving to smaller homes and to then allow the larger homes to be used for larger families. The concession I think is a good one. I would have to get the detailed numbers; I do not have those with me, unless Mr Coutts-Trotter has them?

Mr COUTTS-TROTTER: No, I do not.

Answer

The Empty Nester Transfer Duty exemption ended on 30 June 2012.

From 1 July 2011, eligibility for the exemption was extended by reducing the age at which the exemption applied from 65 to 55.

Accordingly, between 1 July 2011 and 30 June 2012, individuals aged 55 or over paid zero transfer duty if selling an existing home and buying a newly constructed home worth up to \$600,000.

Up to 30 September 2012, OSR provided 742 exemptions for the final year of the exemption, saving eligible seniors \$11.04 million in stamp duty.

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Dr JOHN KAYE: My question is not about the rationale; it is about the possibility of change. Is the 70/80 arrangement locked in by a contract? From what you have said, it was not locked into a contract signed by the Labor Government. Has it been locked into a contract signed by your Government? Did you lock in the 70/80 arrangement in the 50-year lease or is it still open to change as a result of the revision of the water plan?

The Hon. GREG PEARCE: I see where you are going. I am sure you do not expect me to have the documents with me and I do not. If you want me to find the clauses I am happy to do so. The operating provisions which we were given and which continue include the 70/80 arrangement. If you want that tested in the next review, I encourage you to make a submission and see what comes of it.

Dr JOHN KAYE: I would not want to waste my time making a submission if the Government has signed a contract with the lessees of the desalination plant that locks in the 70/80 arrangement. It is reasonable for us to ask that question. Will you take it notice?

The Hon. GREG PEARCE: I will get the clauses subject to commercial confidentiality.

Answer

The Minister for Finance and Services, as the Minister administering the *Water Industry Competition Act 2006*, can change the 70/80 regime by changing the licence conditions imposed on the Sydney Desalination Plant network operator licence.

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Dr JOHN KAYE: I refer to the Claymore housing estate. You would be aware that the Labor

Government began renovating that estate, that an allegation was made on *Four Corners* that a number of dwellings there have been shut down or sealed off and that your Government has withdrawn funding for the redevelopment. Can you enlighten the Committee about what has happened? Is it true that the redevelopment has been stopped because of a lack of funding?

The Hon. GREG PEARCE: We inherited that situation from the Labor Government, which did some planning for the redevelopment of Claymore but failed to fund—

The Hon. WALT SECORD: It was June 2010.

The Hon. GREG PEARCE: The Labor Government failed to fund that program. The local community has indeed been informed that due to funding constraints that project and other projects are currently under review. Some maintenance was deferred pending the redevelopment and the catch-up work that may be required. The Government is very concerned about the fact that under the Labor Government demolition and other work commenced without proper funding. This Government is examining whether additional maintenance is required and, if so, over what period. We are committed to the development of social housing and that is clearly demonstrated by other projects which are being planned or which are already underway, including at Airds, Bradbury and Minto. I am very disappointed that the work at Claymore commenced under the Labor Government without funding being allocated.

Dr JOHN KAYE: How many dwellings are currently unoccupied or unable to be occupied—that is, closed up? How many are in that condition because of the redevelopment? [*Time expired.*]

The Hon. GREG PEARCE: I have been advised that it is about 100, but I will provide the precise number because I am also very interested in this issue.

Answer

With respect to vacant dwellings, there are a total of 32 dwellings currently unoccupied or unable to be occupied in the Claymore estate:

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CHAIR: I note in the budget papers the review of 31 potential housing sites to identify appropriate locations for adequate service, et cetera. What progress has been made with that review?

Mr COUTTS-TROTTER: Will you provide me a reference?

CHAIR: The 2012 Budget Papers, Performance Report page 5-4 under key initiatives.

Mr COUTTS-TROTTER: I do not have that in front of me. I will take the question on notice.

Answer

The 31 sites nominated by landowners as potential homesites are still under consideration by the government.

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The Hon. WALT SECORD: Greg, how much is an adult return fare from Wollongong to Town Hall?

The Hon. GREG PEARCE: I will take that on notice and get you an answer.

Answer

An adult return rail ticket between Wollongong and Sydney Town Hall costs \$16.40. (In the alternative – “This information is available on the website www.131500.info”)

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Dr JOHN KAYE: Minister, if I could just take you back to Claymore for a minute. I want to pick up on something you said. You said that the original costing was \$109 million—correct me if I get this wrong—most of which would have been recouped from the sale of private land on the site, the development of the site; there was to be mixed development?

The Hon. GREG PEARCE: I was relating to you and I tried to make it clear that that is information that has been given to me now about things that occurred two and three years ago when I was not the Minister.

Dr JOHN KAYE: Yes, I am not seeking to do so, but what I want to go to is your costing is \$560 million?

The Hon. GREG PEARCE: That is what has been provided to me now.

Dr JOHN KAYE: Of which roughly \$100 million would have been recouped. What you are saying is that roughly \$100 million would have been recouped so it would cost Treasury \$460 million to continue with the project, is that correct?

The Hon. GREG PEARCE: No, I could see how you would get to that assertion but the \$109 million, as I say, was developed before I was in the chair and I cannot prove or disapprove how they got to that figure but you are picking up on the point that at least part of that \$109 million was supposedly going to be recovered from sale of properties. The reality that we have discovered—and I was alluding to this and I started to talk about this when I was answering one of the previous questions—is that under the previous Government in simple terms the policy was that it would sell existing housing stock for on average about \$300,000 and then have to replace it with new housing stock to house the same number of people for, say, \$500,000.

The policy was simply unsustainable. In addition to that, they were disposing of properties in estates which meant that the development potential of the estate was destroyed. For example, they would sell a property that was slap bang in the middle of 20 other properties, making it impossible to then do the whole 20 properties as a new development. When we come to the \$560 million we do not have a significant expectation of significant property sales at Claymore to provide that funding and unfortunately it is one of these self perpetuating sorts of cycles; because Claymore has deteriorated so much, you cannot really sell the stuff.

Dr JOHN KAYE: That is a fivefold increase. Let us leave aside the issue of sale of land, in the gross cost of the project it is a fivefold increase. Is it exactly the same project?

The Hon. GREG PEARCE: I do not really know, but from experience so far the previous assessments of the cost of doing these projects were wildly wrong on the low side.

Dr JOHN KAYE: There would be documents which were transferred from the old Department of Housing to the division within your department which would explain presumably how the figure of \$109 million was arrived at?

The Hon. GREG PEARCE: Well they might, Dr Kaye, and I am very happy for you to do an order for papers or something and for you to do the work on going through them. For my part I have to deal with the issue that we have there at the moment, which is the estate in the condition that it is in, and without being offensive about it, I am spending my time now trying to work out how we resolve that problem rather than delving back in the past to see what was the solution that did not occur under Labor.

Dr JOHN KAYE: Financially if not socially the model worked at Minto?

The Hon. GREG PEARCE: I agree.

Dr JOHN KAYE: What I am trying to understand is what has gone wrong here and how can we rectify it because the current situation, you would agree I think, is completely untenable?

The Hon. GREG PEARCE: Absolutely and I am really concerned about our capacity to fix these problems because it is not just Claymore; there are other estates—Mr Secord mentioned one of them—that have been allowed to deteriorate over such a long period of time that the size of the problem is something that is going to really require not just our effort but some really current thinking. One of the things that we are going to have to address, Dr Kaye, is that we are going to have to really look at the location of some of the estates and the capacity for us to be able to get proceeds from sale of some of the properties.

Dr JOHN KAYE: Can you give on notice an explanation of where the \$560 million comes from, given that it is such a massive increase?

The Hon. GREG PEARCE: I am very happy to give you that.

Answer

A concept plan for the Claymore estate, which envisages the complete renewal of the estate, is currently being assessed for development approval.

The figure of \$109M only includes development costs on the estate. The \$109 million does not include the cost to construct new housing on the estate, the cost of acquiring replacement social housing off the estate, the cost of project management, for inflation over time or for GST. It did not allow for the replacement of any of the 1113 dwellings currently on the estate. The \$560 million figure, by contrast, was an estimate of the all-up net cost including replacement of all social housing dwellings.

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CHAIR: The budget papers refer to your department reviewing State and local developer contributions to ensure that they are affordable and that essential infrastructure for housing development is delivered on time. This has been a major problem in the past. Those contributions have added to the price of land. What progress have you made in that review?

The Hon. GREG PEARCE: We concluded that review. We used an outside expert to undertake that review. In the course of it we identified that there were other issues in relation to housing supply, some of which I alluded to earlier in the hearing today.

We have taken that review and included it in our overall response to then housing situation. We have continued the reduction in those levies so that, to the extent we can keep them down, we have done so and we are doing further work on the planning system and a more comprehensive package. In the budget we also included \$161 million, as I mentioned earlier—I will get the precise figure—for a number of specific projects that we identified that we could accelerate and we will have further funding to accelerate those projects. We are looking at it in terms of the cost to developers and in terms of what infrastructure we, as a government, can accelerate.

CHAIR: Can you give an estimated amount that is now provided by those developers?

The Hon. GREG PEARCE: I will get you the details on those.

CHAIR: A round figure—\$40,000 or \$60,000?

The Hon. GREG PEARCE: I will get you the details because there are local council section 94 contributions and then there are the State infrastructure contributions.

Answer

The 2012-13 NSW Budget Building the State package includes \$481 million dedicated to a Housing Acceleration Fund to invest in infrastructure needed to support housing across the state.

The first \$181 million of the projects in this Fund will facilitate the development of up to 76,000 additional dwellings, providing significant relief for home buyers.

The 10 individual infrastructure projects identified under the Housing Acceleration Fund are:

| Project & Location | LGA |
|---|-------------------------|
| Camden Valley Way upgrade (various projects) | Camden/Liverpool |
| Richmond Road upgrade (Townson Rd to Grange Ave) | Blacktown |
| Schofields Road construction (Railway Terrace to Veron Rd) | Blacktown |
| First Ponds Creek – construction of wastewater infrastructure | Blacktown |
| North Kellyville – construction of wastewater infrastructure | The Hills |
| Epping Town Centre – road/intersection upgrade | Hornsby/Parramatta |
| Land Acquisition at Green Square Town Centre | City of Sydney |
| West Dapto Stages – wastewater extensions | Wollongong |
| Warnervale Town Centre – Sparks Rd intersection upgrade | Wyong |
| Thrumster release area – water reservoir | Port Macquarie-Hastings |

CHAIR: The other program that you were to develop was a feasibility software model that tests the financial feasibility of the building controls for planning policy, et cetera. Is that feasibility software complete and available?

Mr COUTTS-TROTTER: I will have to take that question on notice. It is once again happening within the Department of Planning and Infrastructure. I will seek the information and provide it to the Committee.

CHAIR: That is in the performance document.

The Hon. GREG PEARCE: Yes.

Answer

A pilot of the urban development feasibility model has been completed and is now being refined in response to a peer review by development industry experts. The complete model will be applied in a comprehensive program commencing at the beginning of 2013.

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CHAIR: There are a number of references to supporting service delivery in relation to fines—\$10 million to improve tax and fines debt management and providing revenue administration services, managing fines on behalf of the Crown. What is the current situation with regard to fines? We understand that there have always been many fines, but very few of them have been paid in the debt collection area.

The Hon. GREG PEARCE: Yes, we were concerned that there was a very significant level of outstanding fines—hundreds and hundreds of millions of dollars—so we have done a number of things. We recognise that the vast majority of members of the community, if they have incurred a fine, do the right thing and pay the fine, but there were too many instances of people simply ignoring the issue. We have, as I said, done a number of things, including starting off with a trial of private sector debt collectors to move forward. That trial was very successful. For every dollar that was spent—I will get the actual dollar numbers—there was a very significant return, so we are going to continue that program.

CHAIR: Were most of those fines for traffic offences?

Mr COUTTS-TROTTER: Most of the fines are. About 40 per cent of the debt—

CHAIR: Of that billion dollars?

Mr COUTTS-TROTTER: Of the billion. About 40 per cent of the debt is traffic offences but I will confirm that.

Answer

Of the total number of aged debt matters currently in recovery action with the State Debt Recovery Office, 42% relate to unpaid traffic fines.

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The Hon. ADAM SEARLE: In relation to prosthetic limbs or other things of that nature, I understand that in many cases they have a life of about five to six years; but, under your legislation, while people might get the first round of prosthetics courtesy of the scheme, when they need to have their prosthetics replaced their entitlement to that form of medical care and support will have expired. What advice

have you received as to how those injured workers, who clearly are not faking it, will acquire the replacement prosthetics they need?

The Hon. GREG PEARCE: Each case obviously will depend on the circumstances. I am not prepared to enter into that sort of generalisation with you.

The Hon. ADAM SEARLE: Will the public health system pay for it?

The Hon. GREG PEARCE: If you want a complete answer on prosthetics, I will get that for you.

Answer

Section 59A limits the payment of reasonable medical and related expenses to 12 months from the date the claim was made unless the worker has an entitlement to weekly benefits.

Workers who are no longer entitled to weekly benefits are still able to receive reasonable medical and related expenses for another 12 months after that entitlement ceases.

A worker, who requires prosthetic limbs as a result of their workplace injury, is entitled to replacement prosthetics while they are in receipt of weekly benefits or for 12 months after that entitlement ceases. These limitations do not apply to seriously injured workers, who are workers with more than 30 per cent permanent impairment.

The Hon. ADAM SEARLE: On your understanding, do the time limits that you have discussed in your answer and that are otherwise present in the new legislation run from the commencement of the new Act, or do they run from when people have made claims in the past, or do they run from some other time?

The Hon. GREG PEARCE: We have announced the various transition dates, and I will give you that in writing. I am sure you have seen it already, but I can give it to you again.

The Hon. ADAM SEARLE: Yes. For example, if someone has been injured and has been in receipt of benefits for, say, two years, does the time limit run from when they originally made the claim?

The Hon. GREG PEARCE: It will run in accordance with the transition arrangements, which I have announced previously. I do not think I need to go through those again here. I can get them and read them out for you, if you like. But I would rather take that on notice and give you that information later.

Answer

There are arrangements in place to ensure the smooth transition of the new arrangements.

A phased roll out of the reforms is ensuring all stakeholders are ready for the changes, which include significant new benefits for workers and employers. These more generous benefits for seriously injured workers mean that many of the most seriously injured workers have had their benefits increased.

In the final phase, workers who made a claim prior to 1 October 2012 will be transitioned to the new legislative requirements from 1 January 2013.

The WorkCover Independent Review Officer was effective from 1 October 2012. The Officer is able to conduct an independent review of work capacity decisions made about benefits and work capacity.

The new arrangements for dispute resolution and legal costs also commenced on 1 October 2012, with the establishment of the Independent Legal Assistance and Review Service.

The new arrangements for the Independent Legal Assistance and Review Service took effect for new claims made on or after 1 October 2012.

Transitional provisions have been developed so that the old legal costs arrangements will apply for claims made prior to 1 October 2012, if proceedings are filed in the Workers Compensation Commission before 1 January 2013.

In the example provided, for a worker who has been in receipt of weekly benefits for at least two years, the five year time limit on weekly payments will commence from 1 January 2013, meaning that they will have a further five years of benefits until the limitation takes effect.

For workers who have been in receipt of weekly benefits for at least two years with an assessed permanent impairment of between 21 and 30%, the new section 39 of the new legislation, which provides for the 5 year limit on weekly payments, does not apply provided they undertake work capacity assessments every two years and are working 15 hours per week or more with an income greater than \$155.00 (indexed).

For workers with an assessed permanent impairment of more than 30 per cent, seriously injured workers, are not required to undertake a work capacity assessment or be working more than 15 hours or more a week with an income greater than \$155 in order to receive weekly payments after five years.

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The Hon. ADAM SEARLE: Minister, you recently announced a new Independent Legal Assistance and Review Service, which you said would be independent of both WorkCover and the WorkCover Independent Review Office. The Independent Review Officer, Mr Garling, has stated—and I quote from his recent correspondence—that one of his jobs is to establish the Independent Legal Assistance and Review Service, which will provide funding for injured workers to pursue their entitlement; and that there will be a team of experienced lawyers within his office who will deal with the applications and make a recommendation as to whether funding should be made available. That does not sound like the Independent Legal Assistance and Review Service is very independent of Mr Garling. So your release is misleading, is it not?

The Hon. GREG PEARCE: Independent of Mr Garling? He is the Independent Review Officer.

The Hon. ADAM SEARLE: I quote from your press release: "The new service will be conducted by solicitors or barristers who are independent of both WorkCover and WIRO ..."

The Hon. GREG PEARCE: I see.

The Hon. ADAM SEARLE: That is in your press release. Mr Garling has now said in his letter that his job is to set up this service and that solicitors or lawyers employed by his office will be making those determinations. So they are not independent of him.

The Hon. GREG PEARCE: You are totally correct that the office is being set up as we speak. It was only on 26 September that I announced the establishment of the new Independent Legal Assistance and Review Service within the office of the WorkCover Independent Review Officer. It has been established and has been operating since 1 October, and I visited the day after it opened its doors. The WorkCover Independent Review Officer is currently recruiting 15 lawyers whose task will be to do the first cut of reviews. I am simplifying this, but if those officers find there is reason to consider matters further and the insurers do not resolve the issue,

the WorkCover Independent Review Officer—who will have set up a panel of outside lawyers, and I am not sure what stage that has reached—

The Hon. ADAM SEARLE: Not employees?

The Hon. GREG PEARCE: No. The second review will be done by that outside panel of solicitors and barristers. Perhaps a bit more detail might be needed to clarify that.

The Hon. ADAM SEARLE: I am happy for you to provide more detail on notice. What guidelines will be used by the employed solicitors within the office to assess matters? For example, will they be using the Legal Aid NSW guidelines or will they develop their own?

Answer

In relation to the question about guidelines, the Grants Allocation Guidelines for the Independent Legal and Review Service are available on the website of the WIRO at www.wiro.nsw.gov.au.

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The Hon. ADAM SEARLE: What is the budget for legal representation and advice?

The Hon. GREG PEARCE: We are working on that. This is a chicken-and-egg situation. We will have a budget worked out soon for the office and the 15 lawyers and support staff. What is the budget for outside lawyers and any claims? How long is a piece of string? We will not know until we see the take-up.

The Hon. ADAM SEARLE: Rather than create a new bureaucracy, surely it would make sense for Legal Aid NSW to do the merit assessments?

The Hon. GREG PEARCE: It would, but there was a lot of noise from the Opposition about the Government resolving this issue and we decided to focus on injured workers. Legal Aid NSW or someone else could have done it. However, given that we are talking about injured workers, the Government decided that it would be best kept as a specialised area.

The Hon. ADAM SEARLE: Will the money for this come out of the scheme?

The Hon. GREG PEARCE: Yes.

The Hon. ADAM SEARLE: On what legal basis will you remove the money from the scheme given that what I will call the "Nile amendment" has been passed?

CHAIR: It is the Shooters and Fishers Party amendment.

The Hon. ADAM SEARLE: I have heard that. Nevertheless, it is known as the "Nile amendment".

The Hon. GREG PEARCE: I am not sure whether you are deliberately trying to confuse two issues, but the amendment to which you refer relates to the Workers Compensation Commission being able to award legal costs.

The Hon. ADAM SEARLE: Making each party pay their own costs.

The Hon. GREG PEARCE: Yes. We are talking about one of the services provided through the scheme to injured workers to assist them to get back to work or to allow them to recover their compensation.

The Hon. ADAM SEARLE: Can you answer on notice on what legal basis the money will be provided to this new mechanism?

The Hon. GREG PEARCE: I will answer on notice, but I will be guided by the normal rules that apply with regard to providing information about advice.

Answer

Division 3 of Part 2 of the *Workplace Injury Management and Workers Compensation Act 1998* establishes the functions of the WorkCover Authority.

Section 23 sets out the specific functions, including section 23 (1)(q) which establishes the specific function to provide and administer a legal aid service for persons who are parties to proceedings relating to workers compensation. This function will be delegated to the WorkCover Independent Review Officer.

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Mr DAVID SHOEBRIDGE: Minister, you said that the changes to medical expenses for all claims and relating to all outstanding injured workers will kick in on 1 January next year. Is that right?

The Hon. GREG PEARCE: Yes.

Mr DAVID SHOEBRIDGE: Will the 12-month limitation be backdated? If people have had

12 months of medical expenses after a return to work or after the cessation of weekly benefits, will their medical expenses be cut off on day one next year?

The Hon. GREG PEARCE: The transition arrangements have been published already.

Mr DAVID SHOEBRIDGE: I am asking specifically about retrospectivity. Will people who have had 12 months of medical expenses but who have not been in receipt of weekly payments be cut off on day one next year?

The Hon. GREG PEARCE: I will take that question on notice because it is a complex issue that relates to assessment of whole-person impairment. I will provide a proper answer rather than try to explain on the run.

Answer

The new workers compensation legislation is focused on encouraging and assisting early return to work, and also providing better financial support for seriously injured workers.

The reforms include changes to medical benefits, which recognise the cost of providing these benefits, which in many cases do not meet the objectives of the Scheme, that is, returning injured workers to work.

Under the new laws, payment of compensation for medical expenses will be limited to a period of 12 months after a claim for compensation is made, or 12 months after weekly payments of compensation cease (whichever is the later).

The most seriously injured workers will continue to be eligible for medical benefits.

For existing claims the changes to medical benefits will commence from 1 January 2013, while workers who lodged claims on or after 1 October 2012, will immediately come under the reformed scheme.

Clause 17 of Part 19H of Schedule 6 to the *Workers Compensation Act 1987*, the “transitional provisions”, ensures that section 59A is not applied retrospectively.

Clause 17 says that claims for compensation made before the commencement of section 59A are to be deemed to have been made immediately before the commencement of that section and that no regard is to be had for any weekly payment paid or payable to a worker before the commencement of the section.

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CHAIR: Following up on another area, the whole issue of Fair Trading laws, again, there have been reports of increased bogus companies, small companies setting up and ripping off consumers. I note you have allocated \$159 million to enforce the Fair Trading laws, et cetera. What progress has been made in that area?

The Hon. WALT SECORD: Point of order: Is there not a Minister for Fair Trading?

The Hon. GREG PEARCE: Yes, there is. I was just going to cover that.

CHAIR: But it comes under Finance and Services.

The Hon. GREG PEARCE: The Fair Trading Act is within the Finance and Services cluster and I jointly administer parts of it, but there is a separate Minister—a very good Minister—the Hon. Anthony Roberts, who will be questioned separately. I can either take that on notice and get you a detailed answer or leave it to the Fair Trading hearing to address it.

CHAIR: I am happy for the Director General to comment on the allocation of that money that is allocated to the Minister.

Mr COUTTS-TROTTER: The priorities of the office change from time to time based on intelligence about where the greatest risks are in the market for traders and for consumers, so the enforcement and compliance program responds year to year based on where we see problems in the market. I can take it on notice and provide to you details of the enforcement actions in the 2011-12 year which would give you a sense of the industries that have come under attention—that would include real estate, motor vehicles. But, as I say, the priorities of the office respond to what they see in the market. There are scams that run from time to time that we have to attend to immediately and change our priorities entirely. I am happy to give you full details of that on notice.

Answer

In 2011-12 NSW Fair Trading published its first set of compliance and enforcement priorities. These priorities are based on Fair Trading's view of current and emerging regulatory issues across the markets it regulates.

The four 2011-12 priorities were:

- *Evidence of an imminent harm, which is likely to result in serious injury or death to members of the public, from reasonably foreseeable use of the product or service.*

Under this priority, Fair Trading targeted unsafe consumer products, including electrical, renewable energy, gas and plumbing appliances, and baby and infant products.

- *Deliberate and systemic non-compliant conduct on a scale which is likely to have the effect of significantly altering the operation or competitiveness of a national, state or large regional market.*

Under this priority, Fair Trading targeted unlawful trading by itinerant traders in the home renovations/improvements market.

- *Breaches against potentially vulnerable groups of consumers, where the business's conduct is targeted in such a way that consumers have no reasonable prospect of either recognising the non-compliant conduct and/or seeking effective remedies.*

Under this priority, Fair Trading targeted conduct such as:

- online shopping sites aimed at young consumers;
- unlicensed travel agents selling to consumers from a non-English speaking background, especially through unlicensed online sales; and
- unlawful selling by traders targeting Aboriginal consumers, particularly in regional and remote communities.

- *Consumers are at special risk because the non-compliant conduct by a business deliberately limits or restricts the availability or effectiveness of self-help remedies.*

Under this priority, Fair Trading targeted:

- real estate agencies failing to properly hold monies held in trust for consumers;
- odometer tampering by licensed and unlicensed motor vehicle traders;
- unlicensed tradespeople working in the residential building industry; and
- building contractors who fail to provide home warranty insurance.

Apart from promoting these priorities publicly as compliance issues with which Fair Trading has a particular interest, complaints Fair Trading receives about conduct of this nature are given closer scrutiny when deciding whether or not Fair Trading will investigate a matter.

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CHAIR: As you know, there is a great concern in the community about electricity costs. In the budget papers the performance report states that a further 75,000 New South Wales households would receive a power savings assessment to assist them in reducing their electricity bills. Was that target achieved or is it being achieved?

Mr COUTTS-TROTTER: To the best of my recollection, yes, the target set for 2011-12 has been achieved.

CHAIR: Do you know what the savings have amounted to?

Mr COUTTS-TROTTER: I cannot recall it now but I will get that information for you. It is quite significant.

Answer

Power savings assessments typically identify energy savings of up to 20% for participating households. The Office of Environment and Heritage is currently determining the actual savings for households that participated during 2011/12 for inclusion in the Climate Change Fund Annual Report.