



Treasurer

19 December 2011

The Hon. Fred Nile MLC
Chair, General Purpose Standing Committee No.1
Budget Estimates
Room 812, Legislative Council
Parliament House
Macquarie Street
SYDNEY NSW 2000

Dear Chair

Further to supplementary Budget Estimates relating to the portfolio of Treasury on 28 November, I enclose responses to Questions lodged during the hearing.

Yours sincerely



MIKE BAIRD MP

Questions relating to the portfolio of Treasury

28 November 11.00am – 1.00pm

Questions Arising from the Hearing, as highlighted in the Transcript

Question No 1

Those 1,355 are applications? They are not necessarily applications that have been accepted, is that the position?

Answer:

Yes

Question No 2

Could we have a breakdown of how many of those are in Sydney, Wollongong and Newcastle and how many are outside Sydney, Wollongong and Newcastle?

Answer:

Treasury does not hold this information.

Question No. 3

Mr Brady, you must have a projection of what the 542 will translate into dollars?

Answer:

Program expenditure is provided as part of the Budget process.

Question No. 4

Of the 542 where is the largest single group from? Is it from gaols and courts?

Answer:

This question would be more appropriately directed to the Premier.

Question No. 5

The 542 people who have put in application must have been given an indication when the money will be deposited into their account when they are made redundant. There must be a time frame. Are we talking three weeks, 12 weeks?

Answer:

The usual approach is for redundancy payments to be made as soon as possible on or after the last day of service.

Question No. 6

Of the jobs created by the Jobs Action Plan, are any for less than ten hours a week?

Answer:

This question should be directed to the Minister for Finance and Services.

Question No. 7

Of the jobs created by the Jobs Action Plan, are any for less than one week?

Answer:

This question should be directed to the Minister for Finance and Services.

Question No. 8

Does part time include casual employment?

Answer:

Yes

Question No. 9

Does the definition of regional include Newcastle and Wollongong?

Answer:

Under the Payroll Tax Rebate Scheme (Jobs Action Plan) Act 2011 'metropolitan area' is defined as including the Sydney metropolitan area as well as the Newcastle local government area and Wollongong local government area.

Question No. 10

Has the Treasurer's Office held discussions with you re holding a mini budget?

Answer:

NSW Treasury and the Treasurer's Office engage regularly to discuss pressures on the State's finances and economy, as is appropriate. The Government will continue to monitor these pressures and take action as required.

Question No. 11

In the Budget papers the Treasurer also stated that the Government would announce the final cost and route of the North West Rail Link by the end of 2011. We are very close to the end of 2011. What will the final cost be and has the route been announced?

Answer:

On 12 December the Minister for Transport announced the route and cost of the rail link as between \$7.5 and \$8.5 billion.

Question No. 12

Will the final cost be announced by someone in the Government before the end of December.

Answer:

Refer to response to Question 11 above.

Question No. 13

Will you take on notice what you anticipate will be the final cost to the Treasury? You must have some idea as part of the overall State budget?

Answer:

Refer to response to Question 11 above.

Question No. 14

The budget papers also announced that \$103 million would be allocated for a light rail to Dulwich Hill. Are you aware whether that allocation has been spent or how much has been spent?

Answer:

This question should be directed to the Minister for Transport.

Question No. 15

The budget papers also indicated that the Government had a target for increasing the employment of teachers, nurses and police. Do you have any progress figures as to how much of those targets have been achieved – the 900 teachers, for example – from an expenditure point of view? It obviously increases the education budget.

Answer:

This question should be directed to the Minister for Education, the Minister for Health and the Minister for Police, respectively.

Question No. 16

Would the same apply to the progress being made in achieving the target of employing 2,475 new nurses?

Answer:

This question should be directed to the Minister for Health.

Question No. 17

Has Treasury had any feedback from the industry about the Treasurer's decision to scrap the first home buyers grant for existing dwellings that comes into effect on 1 January?

Answer:

The Government's changes to home buyers' incentives announced in the 2011-12 Budget were well received by industry.

Question No. 18

Although the long-term lease of the desalination plant is yet to be finalised there is a question in my mind about the type of income that could be generated for the Government over the life of that lease. There has been talk about a 99-year lease for that plant. How significant would a 99-year lease contribution be for a government relying on that income to fund infrastructure?

Answer:

This matter is subject to commercial in confidence arrangements.

Question No. 19

With respect to the lease of Port Botany and the work that is being done in regard to it, has a decision been made about the income that is derived from that lease going into the Restart NSW program, along with income derived from the long-term lease of the desalination plant?

Answer:

The question of use of proceeds from transactions is a matter for the Government to determine in accordance with State priorities.

Question No. 20

As at 7 November, in response to a written question on notice from this Committee, it was revealed that only 117 families of the projected 6,700 families have taken up the relocation grant program. What is the current figure?

Answer:

This question should be directed to the Minister for Finance and Services.

Question No. 21

I refer to payroll tax rebates. Can you provide any additional information to the Committee about that part of the Government's policy initiatives

Answer:

The Jobs Action Plan is a key part of the Government's measures to stimulate the economy following a decade of NSW recording the lowest employment growth of any mainland State.

Question No. 22

In the 2010-2011 financial year the State Government allocated \$10.1 million to provide clean drinking water and sewerage to Aboriginal communities across New South Wales under the Aboriginal Communities Water and Sewerage Program. Has that funding increased or decreased since the change of government in March?

Answer:

This question should be directed to the Minister for Trade and Investment, and Regional Infrastructure and Services.

Question No. 23

On page 3 of the Treasurer's Budget Speech he made a comment about the importance of transparency with respect to finances in this State. Can you update the Committee with respect to his comments relating to his transparency theme in his Budget Speech? In future, in the budget papers that are presented to the Parliament, will there be a clear differentiation or delineation of funding from the Commonwealth in grants, funds or contributions made to the account of New South Wales?

Answer:

Federal funding is provided in two broad categories. General purpose funding i.e. the GST distribution is provided to all States to fund general government services, which is untied funding. Other funds provided under National Agreements and Partnerships carry obligations on States to deliver certain services.

The Budget Papers will continue to report on these arrangements and the associated transactions.

Question No. 24

In the budget papers the Government provided a \$7,000 grant to encourage people to relocate as part of the regional grant scheme. What was the total amount that was allocated in the budget for that grant and what is the takeup? I understand that there has been a low rate of applications.

Answer:

The amount allocated to regional relocation grants is \$47 million, as stated in the Budget Papers (page 3 of the Budget Overview).

Questions regarding the take-up of the grants should be directed to the Minister for Finance and Services.

Question No. 25

The same applies to the creation of Destination NSW, which has an allocation of \$40 million for extra tourism and events marketing funding over four years. What progress has been made with the expenditure of that \$40 million?

Answer:

This question should be directed to the Minister for Tourism, Major Events, Hospitality and Racing and Minister for the Arts.

Question No. 26

There have been many reports dealing with the energy rebate issue that indicate, for various reasons, that the costs of electricity have risen much higher than most people were anticipating as a result of the carbon tax and other provisions. What impact has that rebate, which increased from \$145 to \$200 from the 1 July, had on low income households? What has been the take-up rate?

Answer:

This question should be directed to the Minister for Resources and Energy.

Question No. 27

In the budget papers there was provision for local school communities to provide additional funding of \$62 million over four years for local public school upgrades and urgent maintenance, including \$15.6 million in 2011-12. Do you have any information as to whether the \$15.6 million is being expended? Would it be part of the half yearly review?

Answer:

This question should be directed to the Minister for Education.

Question No. 28

First, have you or any other Treasury representatives present today had any discussion with the New South Wales Treasurer over the question of whether consideration should be given for the development of a mini-budget for New South Wales? Second, has the Treasurer of New South Wales initiated discussions with you, either singularly or collectively, over the development of a mini-budget for New South Wales? I put those two questions on notice.

Answer:

Refer to response to Question 10 above.

Question No. 29

Three key parameters are set in there, but the word "including" made me wonder what other sources there might be which will be channelled into funding Restart NSW. If I understand you correctly, other transactions or proceeds of other transactions may be included as that funding?

Answer:

Payments into Restart NSW Fund are covered as Part 2, Section 7 of the Restart NSW Fund Act 2011.

Question No. 30

Has there been a surge in the purchase of existing dwellings by first home buyers since the Treasurer made the announcement in early September that he is scrapping the stamp duty on 31 December?

Answer:

The number of first home buyers purchasing existing dwellings in November 2011 has increased as forecast when the policy change was announced in the 2011-12 Budget.

Question No. 31

Does Treasury expect to see an increase in the cost of newly constructed dwellings for first-time home buyers after 1 January?

Answer:

Any movement in the cost of newly constructed dwellings will depend on the state of demand and supply in the housing market at the time.

Question No. 32

Does Treasury expect a drop in purchase prices of existing dwellings by first-time home buyers when the new laws come into effect on 1 January?

Answer:

Any movement in the purchase price of existing dwellings will depend on the state of demand and supply in the housing market at the time.

However, we do note in relation to stamp duty exemptions for first home buyers, analysis suggests the incentives provided over recent years may have put upward pressure on housing prices, particularly for existing homes.

Question No. 33

Proceeds for the sale of the long term lease of electricity generators are expected to “net the State’s coffers between \$3.3 and \$6.5 billion.” That is the range he has given. I ask the Treasury Secretary, do you agree with that range stated by the Treasurer in the media today?

Answer:

Determining expected sale proceeds is subject to ongoing analysis however, proceeds will be subject to an assessment of value for money in current market conditions. Note, the Treasurer did not state the figures referred to in the Question.

Question No. 34

Could you take on notice a question concerning the calculations the Treasurer gives with respect to the long term lease of the desalination plant and the Port Botany container terminal, whereby the Treasurer says that up to \$4 billion is anticipated from those two transactions?

Answer:

The potential long term lease of Port Botany will be subject to a scoping and strategy report which will be provided to Government during the first half of 2012. Any decisions about transaction strategy and structure will be relevant for the potential value of the transaction.

The desalination plant is subject to commercial in confidence arrangements.