

BUDGET ESTIMATES 2015

**ANSWERS TO QUESTIONS ON NOTICE TAKEN DURING THE HEARING
9am, Thursday 3 September 2015**

TREASURER, MINISTER FOR INDUSTRIAL RELATIONS

Transcript Page Reference – Page 1

CHAIR: Looking at the budget papers obviously there have been a number of property, plant and equipment sales. It does not seem clear in the budget papers what the income is from that and the income from the sale of investments. Could you outline where that is in the budget papers? There is a figure of \$61,000 but obviously it would be a lot more than that.

Ms GLADYS BEREJIKLIAN: During the election period we outlined through the parliamentary budget office what we called the savings measures or revenue measures we were hoping to receive in the forward estimates. So I will have to take the specific figure you quoted on notice.

CHAIR: There is a figure of \$61,000 under the heading "Proceeds from sale of investments".

Answer:

I am advised that the \$61,000, Proceeds of Sale from Investment Sold in the Crown Finance Entity's (CFE) statement relates to an investment held by the CFE associated with State cross border lease agreements.

Ms GLADYS BEREJIKLIAN: I will have to take that specific line item on notice. But I can say that as a Government we are very keen to make sure we use our resources in the best way possible. If that means recycling or, for example, disposing of one asset but acquiring several others which benefit the State, we are always open to looking at that. Certainly the public test we stand by is that any decision we take in that regard has to be in the best interests of the community. I will take that specific line item on notice.

CHAIR: And could you include in that the income from the sale of properties at Millers Point and so on?

Ms GLADYS BEREJIKLIAN: Certainly, I am happy to take that on notice.

Answer:

Questions on the sale proceeds from Millers Point should be directed to the Minister for Social Housing.

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The Hon. ADAM SEARLE: I refer to page 2-14 of the budget statement in Budget Paper No. 1. In the last paragraph of that chapter you mention significant expense measures that are putting pressure on the fiscal gap and you identify the commencement of Sydney Metro Northwest operating expenses from 2018-19. How much expenditure re in the 2018-19 year will the North West Rail Link operation add to the budget?

Ms GLADYS BEREJIKLIAN: Just to put that into context, major projects obviously sit on the capital side of the budget until they start operating. It is good news for the Government that in that financial year we anticipate a number of major projects will move from the capital side of the budget to the recurrent side because the costs will then be recurrent. I do not have a breakdown of the actual number. I can take that on notice and provide you with an answer.

The Hon. ADAM SEARLE: You have taken on notice the operation's costs.

The Hon. ADAM SEARLE: Do you have any sort of ballpark figures though or any kind of rough estimates that you can provide here today? I know you have prepared a statement.

Ms GLADYS BEREJIKLIAN: In regard to operations?

The Hon. ADAM SEARLE: Operation and income and what will be the impact on the budget.

Ms GLADYS BEREJIKLIAN: We start considering those movements on the recurrent side as soon as we are able to accurately estimate them and as soon as they hit our books. I can say that it is a fantastic challenge for a government to have. When you complete a major project and you have to deal with the operational costs it means you are progressing the State's intention to provide productive infrastructure. Again, I will take that on notice. It is too far off for us to be able to accurately assess to the dollar what those costs will be at this stage but, obviously, once we do know those costs they will be made public.

Answer:

The cost to operate the Sydney Metro Northwest will become available in the year that operations commence.

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Dr JOHN KAYE: On notice, can you provide the Committee with a detailed analysis of where the 12.1 per cent comes from?

Ms GLADYS BEREJIKLIAN: I am happy to take it on notice. I do not think it will differ substantially from what we have said, but I am more than happy to take it on notice, yes.

Dr JOHN KAYE: No, I am extrapolating the Australian figures. The IMF gave the Australian figure of \$US30 billion for the year 2015, which I told you that I converted to Australian dollars, at \$A42.6 billion. I then interpolated those down to New South Wales. I said it was roughly speaking—I said it was a guess—\$14 billion for the New South Wales economy. My question is: Have you looked at those figures? Have you looked at what subsidies are costing us? What are we doing about it?

Ms GLADYS BEREJIKLIAN: I have not looked at the specific issue you have raised. The key thing for our Government is to make sure that we provide support to innovative energy sources as well. I will ask the acting secretary to comment on the role of the IMF in those subsidies, if at all, and whether Treasury takes those things on board—perhaps not.

CHAIR: And whether those figures are correct.

Ms GLADYS BEREJIKLIAN: I have to say I am not aware of the figures Dr Kaye has raised. I am happy to take all those points on notice.

Dr JOHN KAYE: I thank you for the reflection on my honesty, Chair. I quoted the \$30 billion directly from the table from the IMF. I told you I converted those to Australian dollars, my exchange rate was off the net this morning, and then I divided it by a third to get a rough estimate for New South Wales.

CHAIR: I was referring to the New South Wales figures.

Dr JOHN KAYE: I said it was a rough estimate.

Ms GLADYS BEREJIKLIAN: I will take on notice the exact component of our New South Wales budget.

Answer:

In dollar terms, 2015-16 Budget estimates for mining royalty revenue in the four years to 2017-18 are \$1.1 billion less than that estimated for the same period in the 2014-15 Budget.

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The Hon. ADAM SEARLE: What is the appropriation for LMBR in this budget? What is the dollar figure?

Ms GLADYS BEREJIKLIAN: I cannot tell you in this budget but I can tell you the total cost of the project, which on the record I think the Auditor-General last said was \$573 million to \$576 million. So that is the total capital cost of the project. I will have to take on notice what any contribution is in the financial year.

Answer:

Please refer to 2015-16 Budget Paper 2 page 5-10.

Dr JOHN KAYE: I will move on. Was any modelling that was independent of the retail industry presented at the meeting of the Council on Federal Financial Relations?

Ms GLADYS BEREJIKLIAN: Do you mean independent of government?

Dr JOHN KAYE: I mean independent of the retail industry and independent of those who might benefit from it.

Ms GLADYS BEREJIKLIAN: I have seen advice from a number of sources. I am happy to take on notice what information was provided on that topic.

Answer:

Modelling has come from a number of sources. Estimates of the possible revenue effect vary, depending on the assumptions made, including on the method used to collect GST on these items, compliance rates and minimum values.

CHAIR: Can you put on the record to whom we owe that money in the largest amounts?

Ms GLADYS BEREJIKLIAN: I am certainly happy to take that on notice.

CHAIR: Just from memory, who would be some of the largest-

Ms GLADYS BEREJIKLIAN: I think it is best if I take that on notice, but from the State perspective it is not so much the entity but the amounts that concern us to make sure we are always within the triple-A credit rating, which we are substantially. I will take on notice that aspect of the question relating to the source of debt.

CHAIR: Off the cuff you do not know what the main entity would be—superannuation funds, banks or—

Ms GLADYS BEREJIKLIAN: I will take that on notice to establish where the net debt is loaded up, unless anybody wants to answer that now?

Ms MRAKOVIC: No.

Ms GLADYS BEREJIKLIAN: We prefer to take it on notice to make sure we give you accurate numbers.

Answer:

Please refer to my answers given at the Budget Estimates hearing.

The Hon. ADAM SEARLE: When you sold the Port of Newcastle was a cap put on the number of containers that can be moved through the Port of Newcastle?

Ms GLADYS BEREJIKLIAN: I understand there is no legislated container cap.

The Hon. ADAM SEARLE: So there is no cap on container movements there?

Ms GLADYS BEREJIKLIAN: There is no legislated container cap.

The Hon. ADAM SEARLE: Is there any other restriction in the sale of the lease documents?

Ms GLADYS BEREJIKLIAN: I am not aware of that. **The Hon. ADAM SEARLE:** What about in the contracts?

Ms GLADYS BEREJIKLIAN: I am not aware.

The Hon. ADAM SEARLE: Will you take that on notice?

Ms GLADYS BEREJIKLIAN: I am happy to take that on notice.

The Hon. ADAM SEARLE: I think it was a \$20 charge on every 20-foot equivalent unit. It was originally to build a truck marshalling yard but when the marshalling was constructed it remained in place. At the moment, the value, I think, over the life of the lease would be in excess of the price that was achieved for the lease of Port Botany. The Government did not talk about that when the sale of the lease went through. Will the Minister confirm her understanding that that is still in place and is still being charged?

Mr SPENCER: To provide an accurate answer, I will take that question on notice.

Answer:

There is no legislated cap on the number of containers that can travel through the Port of Newcastle.

The Port Botany Landside Improvement Strategy function now rests with Transport for NSW and is funded from TfNSW's annual allocation from the State Budget.

The Hon. ADAM SEARLE: Okay. The contract for light rail out to Randwick and about whether there is anything in the contract that would prohibit the provision of bus services or additional bus services.

Ms GLADYS BEREJIKLIAN: I suggested you refer those questions to the relevant Minister.

The Hon. ADAM SEARLE: I am asking you as the Treasurer to take them on notice. Do you

refuse to do that?

Ms GLADYS BEREJIKLIAN: No, I am happy to take it on notice.

The Hon. SCOTT FARLOW: Point of order: The Treasurer has already indicated that the questions should be directed to the Minister for Transport. I would think the Hon. Adam Searle should send the questions on notice to the relevant Minister if he is interested in answers.

Ms GLADYS BEREJIKLIAN: I am more than happy to take them on notice, which will refer him to the relevant Minister.

Answer:

This question would be more appropriately directed to the Minister for Transport.

Mr DAVID SHOEBRIDGE: Could you also provide advice about the current estimated extent of bullying across the New South Wales public service? I will give you one example. In WorkCover, despite a large effort to reduce bullying, instances of complaints of bullying in WorkCover I think reduced by only 4 per cent between 2013 and 2014.

Ms TELFER: I would have to take that on notice. I also note that I would need to consult with the Public Service Commission, which has some responsibility in this area.

Mr DAVID SHOEBRIDGE: The Public Service Commission was meant to be running roundtables on bullying. What has been the outcome of those roundtables on bullying?

Ms TELFER: I can tell you that there have been several of those meetings, and I have been attending those meetings as well. As I understand it, some further work is being developed between the Public Service Commission and the unions who have been involved in that. I will take that question on notice and provide some further advice but I will need to ask the Public Service Commission.

Answer:

This question would be more appropriately directed to the Public Service Commission.

Mr DAVID SBOEBRIDGE: I am putting that in-principle position because we know there has been an instance where the laws have not worked-that is, the case of the former deputy commissioner Tara McCarthy. She had the position she had taken publicly fully vindicated by ICAC. Her concerns about corruption and mismanagement were fully vindicated by ICAC. But she had already been dismissed by Commissioner Kear. The law, however, failed to provide a ready avenue for her to be reinstated. Do you accept that that is a gap in the law?

Ms GLADYS BEREJIKLIAN: I am happy to take that on notice. It is a matter I have not been directly involved in but I am more than happy to take on notice what you perceive to be a gap in the law to protect whistleblowers -I think that is the premise of your question.

Answer:

This question would be more appropriately directed to the Public Service Commission.

Mr DAVID SBOEBRIDGE: The problem, which was identified by the Public Service Commissioner as recently as the end of last year, is that there was no capacity to reinstate to a permanent position a person of that seniority in the public service. Even where there had been a full vindication of them in an ICAC hearing and even where that vindication had been accepted by government, there was no capacity for reinstatement. Is that a matter which your Government is going to look into?

Ms GLADYS BEREJIKLIAN: Mr Shoebridge, I will take that on notice, only because I will need to consult with some of my colleagues who have had more direct involvement in that issue. I will definitely take that on notice.

Mr DAVID SBOEBRIDGE: In doing that, could you take on notice whether or not amendments to the Public Interest Disclosures Act that would allow for that kind of reinstatement to be granted either by the Minister or the NSW Industrial Relations Commission may well be a positive policy response to that?

Ms GLADYS BEREJIKLIAN: I am more than happy to take that on notice but I will need to consult with colleagues who also have some responsibility in this area alongside me.

Answer:

This question would be more appropriately directed to the Premier.

Mr DAVID SBOEBRIDGE: Minister, which agencies have achieved savings so as to be awarded a more than 2.5 per cent pay increase under the New South Wales Public Sector Wages Policy?

Ms GLADYS BEREJIKLIAN: I assume you mean which categories of awardees?

Mr DAVID SBOEBRIDGE: Yes, you are right-which categories of awardees.

Ms GLADYS BEREJIKLIAN: What normally happens is that as enterprise bargaining agreement [EBA] negotiations come around for a class of employee the relevant Minister or party, whether it is a department on behalf of the relevant Minister, will be in direct negotiation over wages for that class of employee. I will have to take on notice how many have exceeded the 2.5 per cent and how many have not in regard to the Government's policy. But I can tell you that, as a result of the Government's policy, we now have the lowest rate of industrial disputation that this State has had for many years. The Government's wages policy has provided a certain framework within which negotiations take place. I cannot give you off the top of my head the figure for awardees because there are several awards in several stages.

Mr DAVID SBOEBRIDGE: I am happy for you to take that question on notice. Could you also include what conditions were traded as a result of that 2.5 per cent?

Ms GLADYS BEREJIKLIAN: I might need to refer you to the relevant Minister on that front, because obviously each Minister, or rather each department on behalf of the Minister, would have the details of those specific awardees.

Mr DAVID SBOEBRIDGE: Perhaps you could answer what you can within your responsibilities and then point me in the right direction for the others.

Ms GLADYS BEREJIKLIAN: Yes, thank you. Each portfolio Minister has responsibility for managing their own EBA processes. I will certainly take that on notice.

Answer:

During 2014-15 approximately 30,000 employees received increases above 2.5 per cent. Of these the majority of negotiations were finalised in earlier financial years with only some energy sector employees (approximately 4,000 FTE) and those employees of NSW Trains and Sydney Trains (approximately 13,000 FTE) finalising agreements in the 2014-15 financial year

CHAIR: There is always concern about the economic costs of alcohol abuse in New South Wales. Can you put any calculation on what that is costing our State in industry and other areas?

Ms GLADYS BEREJIKLIAN: There is a substantial cost. I do not have a whole-of-government cost at my fingertips but I am happy to seek advice from my colleagues. Clearly there is a health cost and a police cost and a number of arms of government are impacted by the adverse consequences of the abuse of alcohol. I will endeavour to answer the question as best I can but as you appreciate, and as you have outlined in your question, it affects so many arms of government. Again, it is within the police Minister's area of responsibility but there is no doubt that the lockdown laws have had a positive impact on antisocial behaviour and the Government is very proud of that fact.

CHAIR: I was considering the impact on industry through alcohol abuse in the workplace.

Ms GLADYS BEREJIKLIAN: The Government would obviously have a better handle on things within our area of responsibility. It would be very difficult for us to collate figures from non-government or industry, as you put it, but some information may be available on the public record about that. We will try to get you whatever information we have but it might be limited. I appreciate where your question is coming from. We will try to get you what information we can.

Answer:

The Minister for Mental Health, Minister for Medical Research, Assistant Minister for Health, Minister for Women, and Minister for the Prevention of Domestic Violence and Sexual Assault has advised that the 2013 NSW Auditor-General's Report 'Cost of alcohol abuse to the NSW Government' estimated that the cost of alcohol abuse was \$3.87 billion per annum. This covers both Government services and societal costs, including lost productivity in workplace and home which was estimated to be \$1.86 billion per annum. The report is available at:
https://www.audit.nsw.gov.au/ArticleDocuments/281/01_Cost_of_alcohol_abuse_NSW_Government_Full_Report.pdf.aspx?Embed=Y

The Hon. ADAM SEARLE: When can we expect the Government response to the Advancing Women report, handed to the Government last September, about gender equity in the public sector?

Ms GLADYS BEREJIKLIAN: I will take that on notice.

The Hon. ADAM SEARLE: The Office of Industrial Relations does not seem to be mentioned in the budget papers separately.

Ms GLADYS BEREJIKLIAN: It is kind of a part of-

The Hon. ADAM SEARLE: I know it is part of Treasury, but it was mentioned separately last year. You can perhaps take this on notice: What is its annual budget? How many FTE employee positions does it have? How many actual bodies does it have? If you could take the rest on notice?

Ms GLADYS BEREJIKLIAN: I am happy to take that on board.

The Hon. SOPHIE COTSIS: The Disability Sector Transition Fund that you announced last week, with the sale of Home Care-it was sold, I understand, for \$114 million and you stated that \$100 million of that will go into the fund-I would like to know, and you can take this on notice, whether your department will administer the fund, how the money will be spent and whether all the proceeds, the \$114 million, will go into that fund?

Ms GLADYS BEREJIKLIAN: I am happy to take that on notice.

Answer:

This question would be more appropriately directed to the Minister for Disability Services.

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Mr DAVID SHOEBRIDGE: The question is: What are the existing policies and targets for female participation at the State Executive level and then also at Senior Executive bands 3, 2 and 1, and how is the Government tracking as against those targets?

Ms GLADYS BEREJIKLIAN: I am happy to take that on notice as some of it--Obviously all of **it**-encroaches on my colleague's area.

Answer:

This question would be more appropriately directed to the Public Service Commission.

Ms GLADYS BEREJIKLIAN: It might be more relevant for the Minister responsible for mining, unless anybody has any comments. To answer your question in relation to total mining royalties, our estimate for 2014-15 is \$1.273 billion.

CHAIR: Is that coalmining?

Ms GLADYS BEREJIKLIAN: That is all mining royalties. That is the total figure.

CHAIR: Can you give a breakdown for that?

Ms GLADYS BEREJIKLIAN: The vast majority is coal.

CHAIR: What was the amount from sandmining, which would obviously be smaller?

Ms GLADYS BEREJIKLIAN: We will give you a breakdown of how that royalty figure is comprised and we will take that question on notice.

CHAIR: What system do you go through if a company goes bankrupt? Is there an insurance policy that covers rehabilitation?

Ms GLADYS BEREJIKLIAN: Yes. I will take that part of your question on notice-the remediation of the ground.

Answer:

Total mining royalty revenue in 2014-15 was estimated at \$1,273 million in the 2015-16 Budget. This comprised \$1,163 million in coal royalties and \$110 million in petroleum and non-coal mineral royalties which includes mineral sands. Final 2014-15 figures have not yet been published.

Questions about remediation would be more appropriately directed to the Minister for Industry, Resources and Energy.