

THE HON ERIC ROOZENDAAL MLC

Yours sincerely

Please find attached my answers to the Questions on Notice arising from the Budget Estimates Hearing on 15 September 2009, together with amended transcript.

Dear Reverend Nile

Reverend the Hon Fred Nile MLC
Chair
Legislative Council General Purpose Standing Committee No. 1
Room 812
Parliament House
SYDNEY NSW 2000

23 OCT 2009

TREASURER

NEW SOUTH WALES



**QUESTION ON NOTICE - LEGISLATIVE COUNCIL
GPSC 1 ESTIMATES COMMITTEE – TREASURY
15 September 2009**

Question No. 1

Topic: Employment of temporary staff across Government

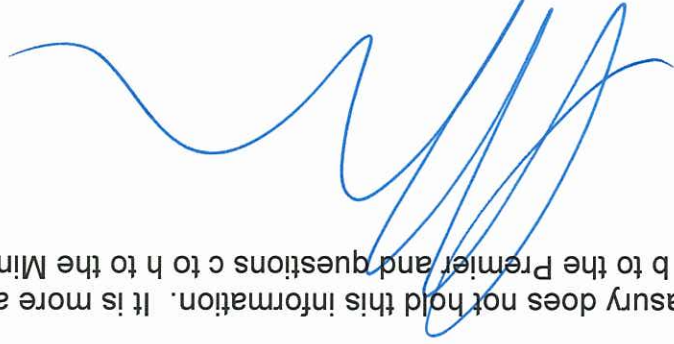
Question from Mr Matthew Mason-Cox:

1. Employment of temporary staff across Government
 - a. How many temporary staff are employed by the NSW Government as at 15 September 2009 and what is the breakdown across the SNW Government departments, ministerial offices and agencies?
 - b. What was the cost of employing temporary staff in NSW Government departments, ministerial offices and agencies?
 - c. How many temporary staff are employed under the C100 contract as at 15 September 2009 and what is the breakdown across NSW Government departments, ministerial offices and agencies?
 - d. What is the average length of employment for temporary staff under the C100 contract?
 - e. How many temporary staff were employed by the NSW Government external to the C100 contract in 2008-09?
 - f. What was the amount paid to recruitment agencies for hiring temporary staff under the C100 contract in 2008-09?
 - g. What is the average hourly rate paid to temporary staff under the C100 contract in 2008-09?
 - h. What agency or government department employs the most temporary staff under the C100 contract?

Answer:

I am advised:

Treasury does not hold this information. It is more appropriate to direct questions a and b to the Premier and questions c to h to the Minister for Commerce.



THE HON ERIC ROOZENDAAL MLC

**QUESTION ON NOTICE - LEGISLATIVE COUNCIL
GPSC 1 ESTIMATES COMMITTEE – TREASURY
15 September 2009**

Question No. 2

Topic: Forecast expense savings

Question from Mr Matthew Mason-Cox

- a. Could the Treasurer please provide copies of the correspondence between his office and Treasury regarding the forecast expense savings detailed in the 2009-10 Budget Papers?
- b. What expense savings outlined in the Mini-Budget were not achieved by 30 June 2009? Why?

Answer:

I am advised:

In relation to a: no specific documentation exists.

In relation to b: the Mini-Budget included a balanced range of recurrent and capital savings, asset sales and revenue measures. At present, it is expected around 95% of the Mini-Budget measures will be delivered.



THE HON ERIC ROOZENDAAL MLC

**QUESTION ON NOTICE - LEGISLATIVE COUNCIL
GPSC 1 ESTIMATES COMMITTEE - TREASURY
15 September 2009**

Question No. 3

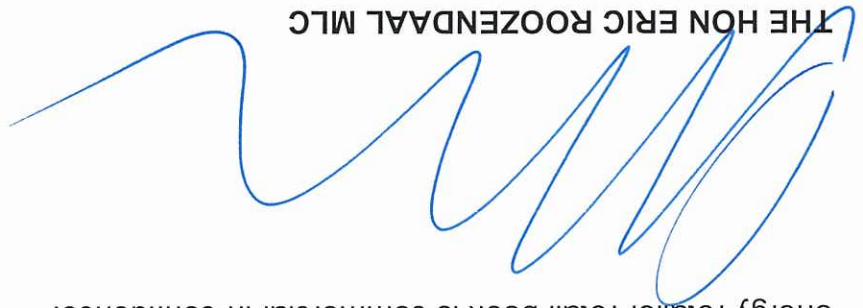
Topic: Energy Retailers

Question from Mr Matthew Mason-Cox

- a. Has the retail book of any State-owned energy retailer decreased in size over the past 12 months?
- b. If so, which retailer and by how much?
- c. If so, what impact is this likely to have on the sale price of the assets?

Answer:

It would be inappropriate to comment on matters concerning the retail businesses in particular during the Energy Reform process. The specific details of a State-owned energy retailer retail book is commercial-in-confidence.



THE HON ERIC ROOZENDAAL MLC

**QUESTION ON NOTICE - LEGISLATIVE COUNCIL
GPSC 1 ESTIMATES COMMITTEE - TREASURY
15 September 2009**

**Question No. 5
Topic: Electricity**

Question from Mr Matthew Mason-Cox

- (a) What is the total budget for the transactional costs for the electricity sale process?
- (b) Please break down this budget into categories of costs?
- (c) On what basis are Credit Suisse and Lazard remunerated in relation to their advisor work for the electricity transactions?
- (d) What is the monthly retainer paid to Credit Suisse?
- (e) What is the monthly retainer paid to Lazard?
- (f) What percentage of sale proceeds will Credit Suisse be entitled to?
- (g) What percentage of sale proceeds will Lazard be entitled to?
- (h) When were Credit Suisse and Lazard engaged by the Government?
- (i) How much has been paid to Credit Suisse and Lazard since their engagement?
- (j) Who has the Government engaged as legal advisers on the electricity sale transaction?
- (k) How much has been paid to each of these legal advisers on the electricity sale transaction?
- (l) Has the Government engaged communications or public relations advisers? If so who?
- (m) On what basis are these advisers remunerated? Do they charge on an hourly rate? If so what is the rate?
- (n) How much has been paid to each of these communications or PR advisers since their engagement?

ANSWER

Questions regarding the electricity sale process should be directed to the Minister for Finance.



THE HON ERIC ROOZENDAAL MLC

**QUESTION ON NOTICE - LEGISLATIVE COUNCIL
GPSC 1 ESTIMATES COMMITTEE - TREASURY
15 September 2009**

Question No. 4

Topic: Landholder Duty


Question from Mr Matthew Mason-Cox

- a. How much revenue is estimated to be received in 2009-10 from landholder duty?
- b. Since the beginning of the 2009-10 financial year, how many transactions has the landholder duty been levied on?
- c. Since the beginning of the 2009-10 financial year, how much revenue has been collected from the landholder duty?

Answer:

I am advised:

- a. It is estimated around \$20 million will be received in 2009-10.
- b. There have been 9 transactions where landholder duty has been levied since 1 July 2009.
- c. Total landholder duty collected since 1 July 2009 is \$3,022,649.


THE HON ERIC ROOZENDAAL MLC

QUESTION ON NOTICE - LEGISLATIVE COUNCIL GPSC 1
ESTIMATES COMMITTEE – TREASURY
15 SEPTEMBER 2009

Question No. 6

Topic: Better Services and Value Taskforce

Question from Mr Mason-Cox

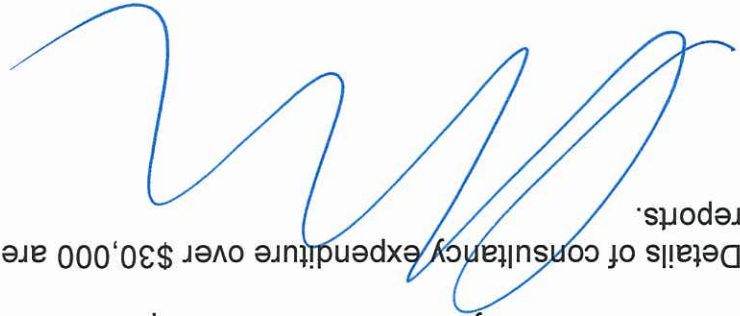
- a. How much is Mr Steven Sedgwick being paid to chair the Better Services and Value Taskforce?
- b. How long has Mr Sedgwick been engaged for?
- c. How many hours a month is Mr Sedgwick expected to work?

Answer:

Mr Stephen Sedgwick has been engaged as a consultant by the NSW Government. Consultants are only engaged when the required professional expertise is not available internally or cannot be provided in a more cost effective manner.

Mr Sedgwick is a former Secretary of the Commonwealth Department of Finance, a Director of the Melbourne Institute of Applied Economic and Social Research at the University of Melbourne and a director of the Asian Development Bank in Manila. He has more than 30 years in the Australian public service.

Details of consultancy expenditure over \$30,000 are reported in agency annual reports.



THE HON ERIC ROOZENDAAL MLC

**QUESTION ON NOTICE - LEGISLATIVE COUNCIL
ESTIMATES COMMITTEE - TREASURY
15 September 2009**

Question No. 7 a.

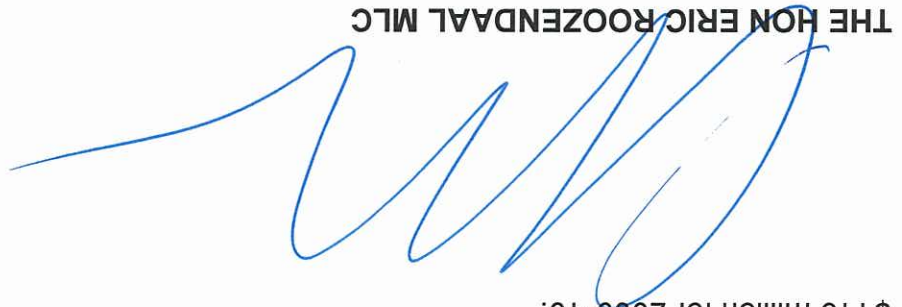
Topic: General Question

a) How much has the Government budgeted for voluntary redundancy payments?

Answer:

I am advised:

The 2009-10 budget estimates the total cost of redundancies for the State to be \$116 million for 2009-10.



THE HON ERIC ROOZENDAAL MLC

**QUESTION ON NOTICE - LEGISLATIVE COUNCIL
GPSC 1 ESTIMATES COMMITTEE - TREASURY
15 September 2009**

Question No. 7 b.

Topic: General Question

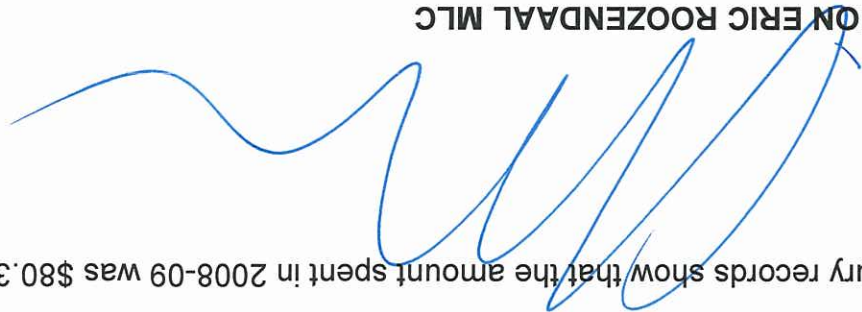
b) How much did the Government spend last year on voluntary redundancy payments?

Answer:

I am advised:

Treasury records show that the amount spent in 2008-09 was \$80.3 million.

THE HON ERIC ROOZENDAAL MLC



**QUESTION ON NOTICE - LEGISLATIVE COUNCIL GPSC 1
ESTIMATES COMMITTEE - TREASURY
15 September 2009**

Question No. 7 (c)

Topic: General Question

(c) What are the total number of Media and or Communications staff / Advisors for Treasury Department and any other associated agencies?

Answer:

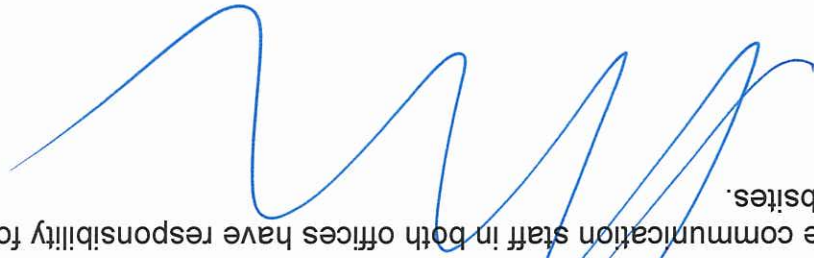
I am advised:

Treasury does not employ any communications or media advisors.

The Office of State Revenue employs 7 full time equivalent staff on communication matters. Three of these staff are graduates under a short term intern program. These staff are primarily responsible for producing publications such as revenue fact sheets, brochures and newsletters for client education purposes.

The Office of Financial Management has one position involved in publication of documents such as the Annual Report and Treasury policy papers.

The communication staff in both offices have responsibility for maintaining the office websites.



THE HON ERIC ROOZENDAAL MLC

**QUESTION ON NOTICE - LEGISLATIVE COUNCIL
GPSC 1 ESTIMATES COMMITTEE - TREASURY
15 September 2009**

Question No. 7 (d)

Topic: General Question

(d) What is the total entertainment budget and actual expenditure in entertainment for Treasury Department and other associated agencies?

Answer:

I am advised:

NSW Treasury complies with the NSW Government Expenses Policy which outlines sector-wide requirements, prohibiting the expenditure of State funds on any event that could provide predominantly personal benefit to NSW public sector employees. The details of this policy are set out in Premier's memorandum M2008-24.

A copy of the memorandum and guidelines are available on the NSW Department of Premier and Cabinet website www.dpc.nsw.gov.au

THE HON ERIC ROOZENDAAL MLC



**QUESTION ON NOTICE - LEGISLATIVE COUNCIL
ESTIMATES COMMITTEE - TREASURY
15.09.2009**

Question No. 7 (e - i).

Topic: General questions

- e. How many top-up transactions for e-toll accounts did the RTA process in 2008/09?
- f. What was the average dollar amount of these top-up transactions?
- g. How many of these transactions were made by credit cards?
- h. How many of these transactions were made through direct debit?
- i. What was the total cost of processing the credit card transactions, broken down into the main categories of fees, such as credit card merchant fees, data processing fees etc?
- j. What was the total cost of processing the direct debit transactions, broken down into the main categories of fees, such as bank charges, data processing fees etc?
- k. Are the credit card merchant fees charged on the basis of the number of transactions or the total value of the transactions?
- l. Are the bank charges charged on the basis of the number of transactions or the total value of the transactions?

Answer:

This question should be referred to the Minister for Transport.



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**QUESTION ON NOTICE - LEGISLATIVE COUNCIL
ESTIMATES COMMITTEE - TREASURY
15 September 2009**

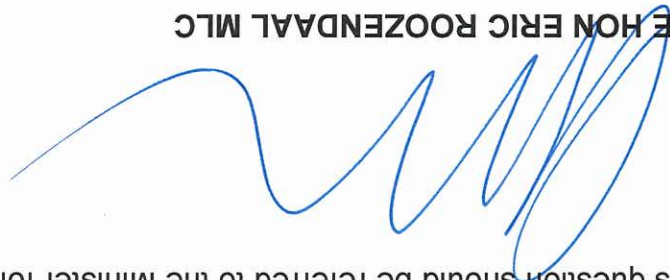
Question No. 7 m.

Topic: General questions

m) What are the total numbers of Media and or Communications staff/Advisers for the Roads and Traffic Authority and any other associated agencies?

Answer:

This question should be referred to the Minister for Transport.


THE HON ERIC ROOZENDAAL MLC

**QUESTION ON NOTICE - LEGISLATIVE COUNCIL
GPSC 1 ESTIMATES COMMITTEE - TREASURY
15 September 2009**

Question No. 7 n.

Topic: General questions

n) What is the total entertainment budget and actual expenditure in entertainment for the Roads and Traffic Authority and other associated agencies?

Answer:

This question should be referred to the Minister for Transport.



THE HON ERIC ROOZENDAAL MLC

**QUESTION ON NOTICE - LEGISLATIVE COUNCIL
GPSC 1 ESTIMATES COMMITTEE - TREASURY
15 September 2009**

Page: 3

Topic: Mini Budget Savings

Question from Mr Greg Pearce:

In the Department of Commerce the mini-budget described one-off expense savings of \$11 million across a number of areas. Were those savings achieved and what were the areas?

Answer:

I am advised the member asked the same question to the Minister for Commerce at the hearing of the General Purpose Standing Committee No. 5 on Thursday, 17 September, 2009. The transcript for this hearing demonstrates that the question was answered by Mr George, the Acting Chief Financial Officer of the former Department of Commerce.

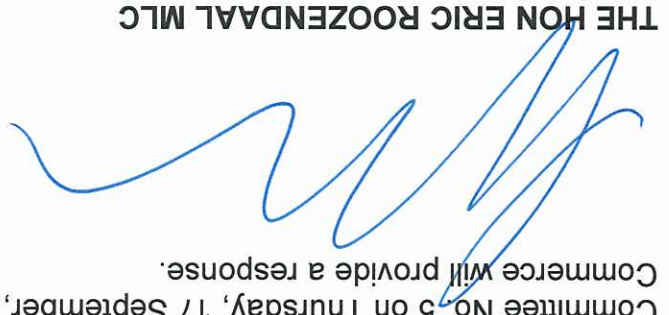
Topic: Better Government Access project

Question from Mr Greg Pearce:

Also the \$3 million that was supposed to be achieved in the Better Government Access project

Answer:

I am advised the member asked the same question to the Minister for Commerce as a question on notice following the hearing of the General Purpose Standing Committee No. 5 on Thursday, 17 September, 2009. Accordingly, the Minister for Commerce will provide a response.



THE HON ERIC ROOZENDAAL MLC

Topic: Area Health Service savings

Question from Mr Greg Pearce:

It has said that its rating depends on you achieving expense savings in the mini-budget, amongst other things. We want to understand how you are monitoring savings, and whether or not they are achieved. Let us go to one example, that is, the local savings initiatives in Area Health Services that were supposed to save \$64m in 2008-09. Was this saving achieved? If so how did you monitor it, and how can you verify that it was achieved? Do I take it that you don't know whether or not it was achieved?

ANSWER

The Health sector faces increasing pressures driven by an ageing and growing population, rising consumer expectations, workforce shortages and technological change. The Government is responding by implementing policies that increase productivity in the health system, ensure best value for money and direct resources to areas of the highest clinical need. These policies are intended to move the health budget to a more sustainable rate of growth of an average 5.8 per cent per annum over the next four years.

I am advised:

The NSW Health mini-budget savings remain within NSW Health and are redirected to front line services. NSW Health keeps track of mini-budget strategies together with other efficiency, revenue and wage offset targets within a 6 weekly reporting framework. NSW Health also identifies new strategies to ensure quality and efficiency within the overall NSW Health budget.

To provide oversight and help drive reform a Health Committee of Cabinet has been established and an interagency Health Efficiency Improvement Taskforce is convened by NSW Treasury.



THE HON ERIC ROOZENDAAL MLC

Question from Dr John Kaye:

Were you ever aware of another submission to the Henry review or any other documents prepared by your department or by any other department that could have been a submission to the Henry Review?

Would you be prepared to table that document?

On what date was the internal working document prepared?

That conference occurred before or after you submitted the IPART submission? Was it after the closing date, or before the closing date?

Can you give us the date on which that review happened?

ANSWER

I am advised:

Key dates in relation to the New South Wales submission to the Henry tax review are:

17 October 2008 – NSW Government sends copy of the IPART review of State taxation to Dr Henry.

7 November 2008 – Dr Henry thanks NSW Government for the IPART Review.

29 May 2009 – Council for the Australian Federation (CAF) meeting at which New South Wales endorses the CAF submission to the "Australia's Future Tax System Review" (the Henry tax review).

18 – 19 June 2009 – Tax policy conference organised by the Melbourne Institute and the Henry tax review.

3 July 2009 – Additional draft submission prepared by Treasury.

16 July 2009 – Treasury decides not to proceed with the submission as it contains no new substantive points not already covered in previous submissions and the deadline for submissions has passed.

12 August 2009 – File of draft additional submission sent to Treasurer's media advisor for information and subsequently returned to Treasury.

There were various questions put to the Treasurer at his estimates hearing by the Hon. Greg Pearce and the Hon Matthew Mason-Cox in regards to EnergyAustralia's Retail Business. These questions can be grouped into two categories.

The first set of questions relates to EnergyAustralia's Retail customer base and its wholesale position.

The second set of questions relates to a contract with Smithfield generation.

(1) (i) Are you aware that over the last year EnergyAustralia has virtually cut its retail business in half?

(ii) What impact will this have on sale proceeds?

(iii) And no-one has mentioned to you that the retail book has collapsed by half?

(iv) Why is EnergyAustralia running down its forward book and what reasons lie behind such an action by EnergyAustralia?

(v) Can you give us an understanding of what reasons there may be behind such an action by EnergyAustralia?

(vi) Treasurer, I put it to you that the rundown of the EnergyAustralia book really reflect on the lack of confidence in the process from the EnergyAustralia and indeed perhaps a step towards sabotaging the sale itself. I put that to you, and wish to have a response from you in that regard.

(2) (i) Have you become aware of the Smithfield generation contract with EnergyAustralia?

(ii) What are the implications of that contract in relation to the revenues of EnergyAustralia?

ANSWER

I am advised:

EnergyAustralia has not cut its retail business in half in the past year, nor is EnergyAustralia predicting that it will be cut in half in future years.

EnergyAustralia's energy sales in the 2008/09 financial year were higher than the prior year.

EnergyAustralia does not have a generation contract with Smithfield generation plant.

Topic: First Home Buyers – Defence Personnel

Question from Mr Greg Pearce:

How many applicants are expected under the First Home Buyers Defence Personnel initiative?

ANSWER

I am advised:

The First Home Buyers Defence Personnel reforms will provide financial assistance to first home buyer applicants who are members of the Australian Defence Force (other than members of the Reserves) that are unable to meet the residence occupancy requirements.

Treasury estimates there will be about 120 defence force personnel likely to be first home buyers in a year. This figure is based on the assumption that there is the same proportion of first home buyers in the defence force as in the NSW employed labour force.



THE HON ERIC ROOZENDAAL MLC

**Legislative Council Question arising from
GPSC 1 Estimates Committee – Treasury
15 09 2009**

Page: 32-33

Topic: Purchase of buses – private/public

Question from the Chair:

I noted that there is a large allocation of \$207 million for 424 new buses. I am trying to clarify as to how many of those new buses are for government services and how many are for private services.

I am concerned that there is a need to review that Treasury item if the companies pay for the buses as a budget item. Is there any payment back to the Government?

ANSWER

I am advised:

A \$207 million provision was made in the 2009-10 Budget to introduce 424 new buses, of which 180 will be acquired by State Transit Authority and 244 by private operators.

New South Wales Transport and Infrastructure does not directly purchase buses for State Transit Authority and private operators. In all instances buses are purchased by operators. Consolidated Fund Capital funding is not required.

Under the bus service contracts, the operators receive a contract payment, which includes components related to the cost of the provision of bus capacity during the contract period. These components include an allowance for depreciation and for financing.

Buses are utilised to meet contracted service obligations. Since the cost of the buses is largely underwritten by the service contract, accounting treatment requires New South Wales Transport and Infrastructure to recognise a "deemed" financial lease on its balance sheet, reporting the acquisition of a lease asset matched by a lease liability.

Under the private bus contracts there are provisions for private operators to acquire new, replacement and additional buses. The operator must provide the Director-General of New South Wales Transport and Infrastructure with any information that is required to evaluate the operator's proposals.

Private operators own the bus assets. There are provisions in place under the bus contracts for operators to transfer the bus business and related assets to a "successor" operator. The sale price payable by the "successor" operator for each asset is determined either under the terms of the contract, by agreement or expert valuation and is subject to agreement by the Director-General.

For new buses acquired since the new bus contracts commenced, New South Wales Transport and Infrastructure will determine the amount of recurrent bus contract payments to the "successor" operator for those buses on the basis of an established

schedule of payments agreed when the bus first went into service (buses are deemed to have a 15 year life).

THE HON ERIC ROOZENDAAL MLC


Topic: Temporary employment contracts

Question from the Hon. GREG PEARCE:

Do you have any policy at all in relation to temporary employment, the use of temps?
I would like to know what temporary employment contracts exist across agencies?

ANSWER

I am advised:

This information is not held by agencies within my portfolio.



THE HON ERIC ROOZENDAAL MLC

Topic: Jobs supported by Government Infrastructure Program

Question from: The Hon. Greg Pearce:

In relation to the calculation of the up to 160,000 jobs, can you provide us with the Treasury formula and explain how it operates?

How do you reconcile the electricity proportion of that spending, given that electricity, basically equipment, represents nearly 20 percent of the total infrastructure investment? How many jobs come as a result of that investment?

ANSWER

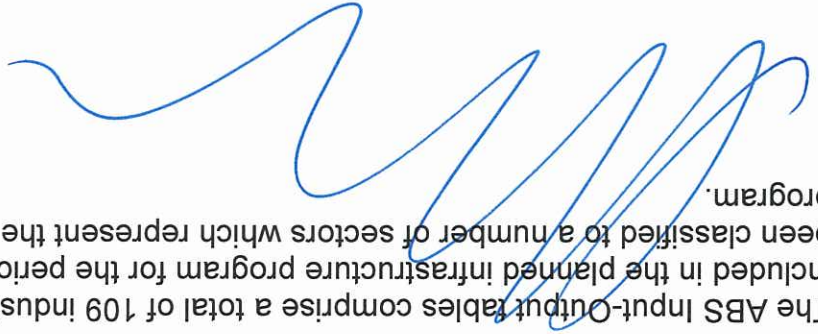
I am advised:

The calculation is based on Input-Output data for 2004-05 from the Australian Bureau of Statistics (released in November 2008), and the composition of the \$62.9 billion investment program.

The formulas for calculating Input-Output multipliers are provided in the ABS publication entitled "Information Paper, Australian National Accounts: Introduction to Input-Output Multipliers" (ABS Catalogue Number 5246.0) published in 1989-90, specifically the description of the methodology on pages 6 to 10 and the Technical Note in Appendix A of that paper, which provides the matrix algebra and the mathematical derivation of the equations for estimating employment multipliers.

It is estimated that up to 10 full time equivalent jobs are supported by every \$1 million spent on the infrastructure program – of which 4 jobs represent the Initial Effect and 6 jobs represent the Production-induced Effect. These are weighted averages for the total infrastructure program.

The ABS Input-Output tables comprise a total of 109 industry sectors. The projects included in the planned infrastructure program for the period 2009-10 to 2012-13 have been classified to a number of sectors which represent the bulk of the infrastructure program.



Topic: Cost of Government Reshuffle

Question from Mr Matthew Mason-Cox:

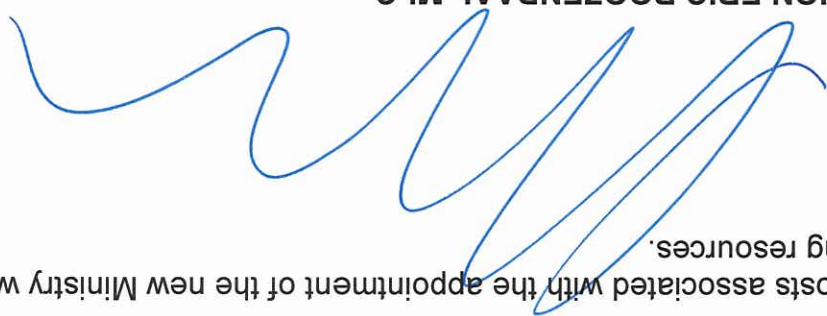
Can I get from you an estimate of the cost to of the Ministerial reshuffle?

Would you like to speculate about the impact that that has on the budget bottom line?

ANSWER

I am advised:

The costs associated with the appointment of the new Ministry will be met from within existing resources.



THE HON ERIC ROOZENDAAL MLC

Topic: Payments to Credit Rating Agencies

Question from Dr John Kaye:

How much has New South Wales paid to the rating agencies Standard and Poor's, and Moody's over the past 12 months in respect of credit rating services?

ANSWER

I am advised:

In the financial year 2008-09, TCorp paid \$339,200.00 to Moody's and \$226,352.00 to Standard & Poor's.



THE HON ERIC ROOZENDAAL MLC

Topic: Licensing of Credit Rating Agencies

Question from Dr John Kaye:

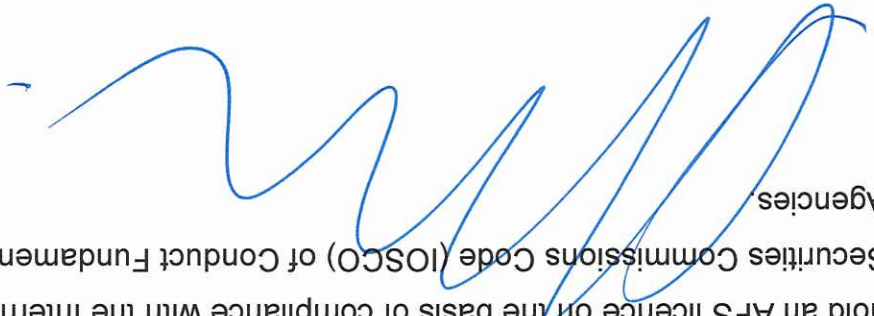
You are aware that the Australian Securities and Investments Commission currently is requiring by 1 January next year all credit rating agencies to hold Australian Financial Services licences?

ANSWER

I am advised:

Credit rating agencies will need to obtain an Australian Financial Services (AFS) licence by 1 January 2010.

Currently, Australian Securities and Investments Commission (ASIC) gives relief to Standard & Poor's, Moody's Investor Service and Fitch Ratings from the requirement to hold an AFS licence on the basis of compliance with the International Organization of Securities Commissions Code (IOSCO) of Conduct Fundamentals for Credit Rating Agencies.



THE HON ERIC ROOZENDAAL MLC

Topic: Local Government borrowing

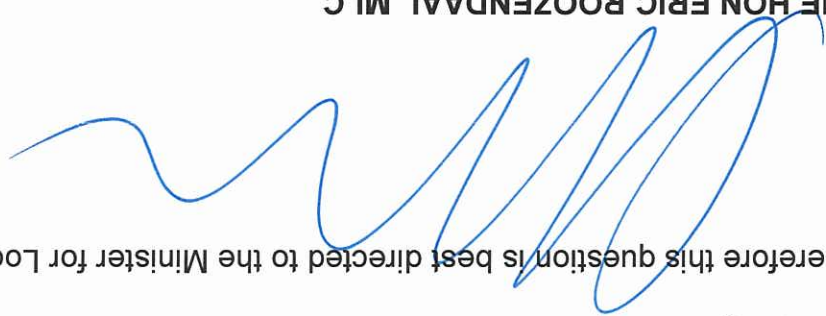
Question from Dr John Kaye:

Did you sign another revised local government borrowing order in June or July this year? Did that local government borrowing order deregulate the rates of interest at which local government can borrow?

ANSWER

I am advised the Minister for Local Government is responsible for issuing Local Council Borrowing Orders pursuant to section 624 of the *Local Government Act 1993*.

Therefore this question is best directed to the Minister for Local Government.



THE HON ERIC ROOZENDAAL MLC

**QUESTION ON NOTICE - LEGISLATIVE COUNCIL
GPSC 1 ESTIMATES COMMITTEE - TREASURY
15 September 2009**

Page: 48

Topic: Overseas borrowings

Question from the Chair:

Is it possible to have a percentage of overseas borrowings per country? I know there may be some commercial questions about revealing where it all comes from, but can you say that there is so much of a percentage from the United States, etc

Answer:

TCorp has advised the information regarding the percentage of overseas borrowings per country is not accessible. This is due to the nature of wholesale debt capital markets and the methods by which bonds are held by counterparties.


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