



**The Hon. Andrew Constance MP**  
Minister for Finance and Services

10 September 2013

---

Reverend the Hon Fred Nile MLC  
Chair  
General Purpose Standing Committee No. 1  
Parliament House  
Macquarie Street  
SYDNEY NSW 2000

Dear Chair

I refer to the 2013-2014 Budget Estimates hearing for the portfolio of Finance and Services.

I hereby submit the following documents:

- Answers to questions taken on notice at the hearing.
- Answers to supplementary questions on notice.

Yours sincerely

**Andrew Constance MP**

## **Budget Estimates 2013**

### **Minister for Finance and Services**

#### **Questions taken on notice at the hearing- Answers**

**Pg 8/9**

**CHAIR:** I note in the same budget paper there is a reference to selected eight urban activation precincts will provide up to 30,000 new homes. Where are those eight precincts? You selected those in March 2013?

**Mr ANDREW CONSTANCE:** Again, in terms of that specific question it is probably better directed to the Planning Minister and of course also we can seek additional information and provide you with that.

**CHAIR:** Will you take it on notice then?

**Mr ANDREW CONSTANCE:** Yes.

#### **Answer**

The Department of Planning and Infrastructure advised:

The Urban Activation Precinct program was announced as part of the 2012-13 Budget.

The program applies to important areas that the Minister for Planning and Infrastructure considers to have significant potential to create homes and jobs, particularly areas near existing or proposed public transport corridors or stations, or have redevelopment significance of a scale that is important to implementing the State's planning objectives.

In October and November 2012, the NSW Government endorsed the following eight Urban Activation Precincts:

- North Ryde Station Precinct
- Epping Town Centre Precinct
- Wentworth Point Precinct
- Herring Road Precinct
- Carter Street Precinct
- Randwick Precinct
- Anzac Parade Precinct
- Mascot Station Precinct

The North Ryde Station and Epping Town Centre precinct proposals have been publicly exhibited and are expected to be finalised shortly.

The Wentworth Point precinct proposal was recently on public exhibition.

The Mascot Station precinct investigations have been placed on hold pending resolution of the WestConnex corridor investigations.

The remaining four Urban Activation Precincts are expected to be publicly exhibited between September and November 2013.

Precinct planning for all current urban activation precincts is expected to be finalised by early 2014.

**Pg 11**

#### **Question**

**CHAIR:** Have new technology procedures been put in place to ensure all emails will always be available even if they are removed?

**Mr ANDREW CONSTANCE:** I might hand that over to the director general.

**Mr GLANFIELD:** I would have to take that on notice. I am not aware of that, but I know that in fact all electronic document systems are backed up. I would imagine, as ICAC has found on occasion, it is not that hard to get copies of materials. I might add that we do retain copies of all materials that are sent to the Minister's office, as the Minister said, in our electronic document management system. The idea that any public records the department has are lost would not be the case. We would have copies of those. Emails essentially should be able to be found on backup tapes if that was required.

#### **Answer**

The Department of Finance and Services complies with the *State Records Act 1998* and the State Records guidance "*Managing the Message - Guidelines on Managing Electronic Messages as Records* " in accordance with M2004-14 'Use and Retention of Email for Government Communications'.

**Pg 11/12**

**Dr JOHN KAYE:** I return to the complex issue of the Rouse Hill Water Infrastructure contract to try to get some clarity. Let us walk our way through it historically. Somewhere in the early nineties—perhaps Mr Young can help us out—am I correct in saying a north-west project development created some kind of contract right, it is now alleged, for Australian Water Holdings to provide that infrastructure? Is that correct? Perhaps with your permission Minister, Mr Young might answer?

**Mr YOUNG:** I think I need to be aware from what you and I and everyone else have read in the paper that there is potential for this to be covered under an ICAC inquiry. But I can confirm that contracts were signed in the early nineties with Australian Water Holdings and the Rouse Hill Infrastructure Corporation that conferred rights on that company to act on Sydney Water's behalf to project manage the works that were

needed in the north-west growth sector where Sydney Water would need to construct major water and waste water facilities in pumping stations and rising mains. That contract was subject to a number of significant disputes and at least two mediations over time.

**Dr JOHN KAYE:** That contract predates the Water Industry Competition Act.

**Mr YOUNG:** That is correct. It does predate the Water Industry Competition Act.

**Dr JOHN KAYE:** Do you have any idea of the circumstances of that contract being signed?

**Mr YOUNG:** It is difficult for me to comment on the circumstances that led to a signing of the contract in 1990 and 1992. I cannot comment on that.

**Dr JOHN KAYE:** Can you take that on notice and try to get back to us with some information as to the legal head of power under which that was signed?

**CHAIR:** Is that possible?

**Mr YOUNG:** I am not sure that it is possible, looking back.

**CHAIR:** Going back so far to 1990 and 1992?

**Dr JOHN KAYE:** Will you undertake to attempt to do that?

**Mr YOUNG:** We can look. Of course, we have the original contract that was put in place at that time. I am just trying to understand the exact question you are asking. We have the detail, the nature of the contract that was put in place in 1990 and 1992 and we do understand. Are you asking what was the background on how that came about?

**Dr JOHN KAYE:** Under what law was that signed. It was not under the Water Industry Competition Act. Was it under Sydney Water's Act?

**Mr YOUNG:** I understand the question. We will look at that and tell you how that was put in place.

**CHAIR:** You will take it on notice?

**Mr YOUNG:** Yes.

### **Answer**

The agreements that were put in place in 1990 and 1992 between Sydney Water Corporation (then the Water Board) and Australian Water Holdings Pty Ltd (then RHIC Pty Ltd) were entered into pursuant to clause 12 of the Water Board Act 1987.

### **Pg 13**

**Dr JOHN KAYE:** Thank you for clarifying that; I appreciate it. At some stage during that period, did you, your board or the chair of your board receive a letter from Arthur Sinodinos as the Chair of Australian Water Holdings?

**Mr YOUNG:** From memory, the answer is no. As I said, there were some very tough, hard commercial negotiations with the company following the mediation. I recall that there was a letter from Australian Water Holdings. The Government copy went to Sydney Water Board. I am looking at this matter, saying that there were tough negotiations going on, but I also recall that a letter came back to Australian Water

Holdings, copied to Sydney Water Board that said it was a matter that was strictly a commercial matter for the Sydney Water Board in a commercial negotiation.

**Dr JOHN KAYE:** That was a letter from?

**Mr YOUNG:** I recall that it was a letter from, I think, Chris Eccles, who wrote that it was not a matter for the Government to be involved in this process, and that was correct, it was a Sydney Water Board matter.

**Dr JOHN KAYE:** That is not what I was asking you. In today's *Daily Telegraph* it is alleged that you, your board, or your chair received a letter from Arthur Sinodinos that was cc'ed to the Premier.

**Mr YOUNG:** No, I do not believe that is true, to the best of my knowledge.

**Dr JOHN KAYE:** Can you take it on notice and check your records? It is a substantial issue.

**Mr YOUNG:** Yes. I do not believe it is true.

**Dr JOHN KAYE:** You do not believe it is true. You have no recollection of receiving a letter from Arthur Sinodinos that was cced to Barry O'Farrell, the Premier?

**Mr YOUNG:** I do not. I do not, to the best of my ability.

**Dr JOHN KAYE:** If that turns out not to be correct, you will get back to us and let us know?

**Mr YOUNG:** I can take that on notice.

#### **Answer**

Sydney Water's Managing Director tabled a copy of a letter at the conclusion of the Hearing on 15 August 2013 from Arthur Sinodinos to Sydney Water's Chairman dated 1 September 2011

#### **Pg 16**

**Dr JOHN KAYE:** What is your estimate of the total cost of the finished product: the digital archive repository?

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

**Dr JOHN KAYE:** Could you get back to us as to how much has been spent so far? Is there a plan for completion of the repository?

**Mr GLANFIELD:** I am sure there is an end to it.

**Dr JOHN KAYE:** When it was originally mooted under the previous Government, from recollection, there was a completion date—

**Mr GLANFIELD:** There was an end date.

**Dr JOHN KAYE:** —which I think may have been this year.

**Mr GLANFIELD:** In any event I will take that on notice.

#### **Answer**

The State Records Authority (State Records) business case submitted to the ICT Reinvestment Pool sought \$3.62 million from 2010/11 to 2012/13, with ongoing recurrent costs to be met by State Records.

These funds have now been spent.

The physical infrastructure for the Digital Archive is in place and is complete, however changes to the project scope were made to accommodate software enhancements.

Testing has been underway since September 2012.

Some funding is available from within internal resources and work continues at a reduced level. The Department of Finance and Services is working with the Authority to finalise a further business case for ongoing recurrent funding. This will facilitate further development of the Digital Archive, including refinement of dashboards and user interfaces.

**Pg 17**

**Dr JOHN KAYE:** The Property Asset Utilisation Taskforce published information which suggested that a target was being operated in the Government to reduce the amount of space allocated to each student in high schools and primary schools. Are you aware of that? Can you tell us whether the Government is pursuing a target on space per student in public high schools and primary schools?

**Mr ANDREW CONSTANCE:** Allow me to take that question on notice in terms of the report recommendation.

**Answer**

The Property Asset Utilisation Taskforce (PAUT) report refers to a factual observation on the content of the Department of Education and Communities' Total Asset Management Plan and does not pertain to the fifteen (15) overarching asset management recommendations proposed in the PAUT report.

**Pg 25**

**Mr DAVID SHOEBRIDGE:** I am asking if there is any other example around the world that has a privately underwritten no-fault first party scheme.

**Mr NICHOLLS:** I am given to understand that there are a number of other jurisdictions—

**Mr DAVID SHOEBRIDGE:** Such as?

**Mr NICHOLLS:** —in North America that have privately underwritten no-fault schemes, but they are not first party schemes. They still operate as third party schemes. But I am happy to take on notice some example jurisdictions.

**Answer**

Privately underwritten statutory insurance is not unusual as it is practised in many jurisdictions around the world, including parts of Australia.

In particular, no-fault, privately underwritten schemes are not unusual in motor vehicle personal injury or workers compensation personal injury schemes. Places it operates include Ontario in Canada and numerous jurisdictions in the United States including Hawaii, Kansas, Massachusetts, Michigan, Minnesota, New York, North Dakota, and Utah. Puerto Rico also has a private no-fault car insurance scheme. In Australia, Western Australia has a privately underwritten workers compensation scheme.

It should be noted that these jurisdictions have both significant and subtle variations in their scheme benefits, coverage premiums, and dispute resolution processes. For this reason they cannot be directly compared in terms of premiums and benefits to one another or the scheme that was proposed for New South Wales. The very different operation of medical insurance in the United States for example puts different pressures on their schemes than is experienced in Australia.

First party (ie. claiming against one's own insurer rather than suing someone else's insurer for your loss) is also a common model in many insurance products such as life, comprehensive motor vehicle, and home and contents insurances.