



The Hon **Greg Pearce** MLC
Minister for Finance and Services
Minister for the Illawarra

Beverly Duffy
Director of Committees
Budget Estimates
Room 812
Parliament House
Macquarie St
SYDNEY NSW 2000

Dear Ms Duffy

Please find attached documents containing responses to Questions on Notice for General Purpose Standing Committee No.1's estimates hearing into the Finance and Services portfolio held on 24 October 2011.

Yours sincerely

Greg Pearce MLC
Minister for Finance and Services
Minister for the Illawarra

17 November 2011

Budget Estimates 2011

Questions relating to the portfolio of Finance and Services

24 October 2011, 9.00 am – 12.00 pm

Hunters Hill remediation (SPA)

The Hon. LUKE FOLEY: Minister, what are the interstate options that you have looked at? (pg 3)

The Hon. GREG PEARCE: I would have to get the details from the State Property Authority.

The Hon. LUKE FOLEY: Mr Coutts-Trotter, could you resist?

The Hon. GREG PEARCE: No, I will take it on notice and come back to you on notice. It is just that I do not have the details, but I will come back to you—before the end of the hearing, if I can.

Answer:

The State Property Authority formally approached the Environmental Protection Authorities, or equivalent organisations, of Victoria, Queensland, Northern Territory, Western Australia and South Australia

Priority Sewerage Program (Sydney Water)

The Hon. LUKE FOLEY: I am asking the Minister whether he is doubling the subsidy paid to Sydney Water. (pg 7)

The Hon. GREG PEARCE: So the Hon. Luke Foley is asking for the numbers?

The Hon. LUKE FOLEY: Yes.

The Hon. GREG PEARCE: I will get the numbers and I will get them to the member.

The Hon. LUKE FOLEY: Does the Minister not have them?

The Hon. GREG PEARCE: I am sure we have got them somewhere, but I do not want to hold up the Committee while we get the numbers.

The Hon. LUKE FOLEY: Mr Young, is the Government doubling the subsidy payable to Sydney Water for the priority sewerage program?

Mr YOUNG: I understand that that is locked in and that is what is paid as part of a government subsidy. My understanding is that there is a formula in place for that and that it was paid as part of a government subsidy and what is paid is part of Sydney Water and that is applied.

The Hon. LUKE FOLEY: Is the subsidy doubling?

Mr YOUNG: I do not have the details of that.

The Hon. LUKE FOLEY: Can you take that question on notice and provide the details to the Committee?

Mr YOUNG: The Minister said he would do that.

Answer:

Yes.

Stormwater boundaries (Sydney Water)

The Hon. LUKE FOLEY: I understand that 13,500 additional properties were added when the stormwater boundaries were remade by the Governor in late August. Is that correct? (pg 8)

Mr YOUNG: I will take that question on notice.

The Hon. LUKE FOLEY: Mr Young, your submission to the Independent Pricing and Regulatory Tribunal for the new Sydney Water price determination goes into detail about the alterations to the stormwater boundaries and notes that they were remade by the Governor. What can you tell us about the alterations to the boundaries?

The Hon. GREG PEARCE: That is a good and detailed question. We would clearly need to provide a proper answer for that level of detail regarding thousands of properties. We will take that question on notice.

The Hon. LUKE FOLEY: Is it the case that approximately 13,500 property owners face new charges as a result of those changes to the stormwater boundaries?

The Hon. GREG PEARCE: Are you suggesting that they were placed on the sewerage system?

The Hon. LUKE FOLEY: You are the Minister, you tell us.

The Hon. GREG PEARCE: I am having trouble understanding the member's question. He is asking very vague questions and wants details of 13,000—

The Hon. LUKE FOLEY: It might be vague to you.

The Hon. GREG PEARCE: —individual properties across the Sydney Water space. We are happy to provide that information.

Answer:

Yes. Many of Sydney Water's existing stormwater drainage areas were declared early last century and urban development has changed catchment topography. Sydney Water has reviewed its stormwater catchments to more accurately identify areas draining to Sydney Water's stormwater drainage system.

Tillegra Dam (Hunter Water)

Dr JOHN KAYE: What was the total cost of the Tillegra Dam proposal? Can you divide that into recoverable costs and non-recoverable costs? How much is out there in assets that presumably will eventually be sold and how much went down the drain—and pardon the pun? (pg 9)

The Hon. GREG PEARCE: I do not have that detail. I am sure it would have been calculated and I will provide that information as soon as possible.

Dr JOHN KAYE: Mr Taylor, do you have that information?

The Hon. GREG PEARCE: No, he does not.

Dr JOHN KAYE: Do you have a rough estimate of that amount?

The Hon. GREG PEARCE: We will come back with that information.

Dr JOHN KAYE: So, Mr Taylor, as the acting managing director of Hunter Water you do not know the total losses, roughly speaking, to the nearest \$5 million for the Tillegra Dam proposal; is that correct?

The Hon. GREG PEARCE: The matter was dealt with some 18 months ago.

Dr JOHN KAYE: That is not correct.

The Hon. GREG PEARCE: It was 12 months or 18 months ago.

Dr JOHN KAYE: No, it was 11 months ago.

The Hon. GREG PEARCE: We will provide the detail.

Answer:

\$103 million was spent on the project up to the time of the Planning refusal. \$25 million of pre-construction costs have been written off. Around \$78 million was spent on the purchase of land acquired for the project. There is the potential for the recovery of some of these costs, which will be dependent on market value of land at the time of sale.

Tillegra Dam costs (Hunter Water)

Dr JOHN KAYE: Have paid or are paying? (pg 10)

The Hon. GREG PEARCE: They have paid. There was an adjustment to their rates when the dam was cancelled because there had been a forward price path to pay for the construction of the dam. In fact, a small rebate was issued last year. I cannot remember the amount, but I will provide it. There is an adjustment going forward for the money that would otherwise have been used to fund the construction of the dam. That is all in the past and it has all occurred. To the extent that we may in the future decide to sell the land that is the last remaining liability, if you like, of Tillegra Dam as far as I know. If the land is sold at a loss, again that loss has already been incurred. As I understand it, going forward there may

be incoming revenue as land is sold, but the costs have all been dealt with. I am sure members of the previous Government would be very keen to answer that question.

Dr JOHN KAYE: Obviously I am not blaming you for the Tillegra Dam fiasco. However, it falls to your watch to clean up the mess left behind by a very ill thought out proposal. Mr Young might like to whisper some advice to Mr Taylor on this matter. Do I take it from that answer that if I am paying a bill in a Hunter Water franchise area none of the losses incurred by the Tillegra Dam proposal are involved?

The Hon. GREG PEARCE: That is my understanding, but I will double check that.

Answer:

No.

Other dams (Hunter Water)

Dr JOHN KAYE: On notice, could you give us more details about those four proposals? (pg 13)

The Hon. GREG PEARCE: What details do you want?

Dr JOHN KAYE: Where they are, their costings—

The Hon. GREG PEARCE: I do not think they are costed. They are simply options going forward that were identified.

Dr JOHN KAYE: I would like to know where they are, what size range you are considering and what steps have been taken to analyse their environmental and economic impacts on the Hunter.

The Hon. GREG PEARCE: Yes. That will be part of the process anyway.

Dr JOHN KAYE: While you are doing that you might also explain to us why you think a new large-scale supply option is required for the Hunter?

Answer:

Options other than the previously proposed Tillegra Dam will be considered under the Lower Hunter Water Plan. NSW Public Works has been engaged to develop these four surface water options to a level of detail that enables fair comparison with other water security demand management and supply augmentation options.

Metropolitan Water Plan (Department of Finance and Services)

Dr JOHN KAYE: Who paid for the Sydney Metropolitan Water Plan? Was that paid for out of an infrastructure fund? (pg 14)

The Hon. GREG PEARCE: That was under the previous Government. I will have to take that question on notice because I do not know.

Answer:

A range of sources.

Water planning for the Hunter region (Hunter Water)

Dr JOHN KAYE: Who paid for H250? Who paid for the Integrated Water Resources Plan 2006? (pg 14)

The Hon. GREG PEARCE: I will take that on notice and get that information for you. It was under the previous Government.

Answer:

Hunter Water Corporation.

Water planning for the Hunter region (Metropolitan Water Directorate)

Dr JOHN KAYE: Perhaps Mr Taylor would know. Mr Taylor was working for Hunter Water at the time these plans went through. Were they paid for by an infrastructure fund or were they paid for out of Hunter Water's revenue.

The Hon. GREG PEARCE: Do you know the answer to that?

Mr TAYLOR: It is my understanding that we did, but I would have to confirm that.

The Hon. GREG PEARCE: We will have to take the question on notice.

Dr JOHN KAYE: Mr Taylor, your understanding is—because you may not have been heard by Hansard—that it was paid for out of Hunter Water revenue, is that correct?

The Hon. GREG PEARCE: It will have to be confirmed (pg.14).

Answer

Previous water planning in the Hunter has been undertaken and funded by Hunter Water.

Water planning for the Hunter region (Metropolitan Water Directorate)

Dr JOHN KAYE: I thought Mr Taylor just told you that he understood that was the case, but we will move on. I have one last question on Hunter Water and then we will leave them alone for a minute. The National Water Initiative laid down certain principles for water planning, which I think you would agree were comprehensively violated in the development of H250. Minister, what steps are you personally taking to make sure that the principles of urban water planning are conformed to in the development of this plan?

The Hon. GREG PEARCE: Dr Kaye, I love it when you invite me to join with you as the opposition in attacking the previous Government over its many misdemeanours—and certainly in the case of Hunter water planning we could have some real fun going after them—but we have moved. Obviously the principles will be applied in future planning.

Dr JOHN KAYE: What steps are you taking to make sure they are applied?

The Hon. GREG PEARCE: They are referenced in the documentation, I imagine. I will check.

Dr JOHN KAYE: You will get back to us on that?

The Hon. GREG PEARCE: If I need to. (pg.14/15).

Answer

The NSW Government has announced that it will take the next steps in developing the Lower Hunter Water Plan. The planning process will be lead by the Metropolitan Water Directorate within the Department of Finance and Services. The development of the plan will be underpinned by the COAG endorsed National Urban Water Planning principles and overseen by the Metropolitan Water Chief Executives Committee. An Independent Water Advisory Panel will provide expert independent advice throughout the planning process.

Inflow events

Dr JOHN KAYE: How many natural inflow events have there been into Sydney's catchment since 1992 that have provided more than 20 per cent storage inflow in a period of less than a month?

The Hon. GREG PEARCE: That is an heroic question, Dr Kaye. I will take it on notice because we do not have that detail.

Answer

This question should be referred to the Minister for Primary Industries.

Metropolitan Water Plan

Dr JOHN KAYE: That plan would become active in 2015. Am I correct that they are five-year plans?

The Hon. GREG PEARCE: Four, is it not?

Dr JOHN KAYE: Is it 2014?

Mr COUTTS-TROTTER: The current plan expires in 2014 and the process—

Dr JOHN KAYE: July 2014?

Mr COUTTS-TROTTER: I would have to check. The process that the metropolitan water directorate will undertake, in reviewing the plan, as you would know, is utterly rigorous. It is open to scientific peer review. It enables a full range of views to be put and tested through models. I suppose the point that we must always bear in mind is that the past does not necessarily predict the future (pg 17).

Answer

The Metropolitan Water Plan for greater Sydney uses an adaptive management approach and is regularly reviewed and updated to take account of new information and technology water demand and supply trends, climate change information, and the latest approaches.

District Court Workload – Category2 cases

The Hon Adam Searle: In relation to the new regime you have put in place, there are different categories of offences—categories one, two and three—of varying seriousness. Category two offences will go to the District Court under the new legislation. Having regard to the experience of your agency as prosecutor, say over the last three years, do you have any idea of what the workload of the District Court is expected to be in relation to category two matters?

The Hon Greg Pearce: Yes, we do have those numbers. They are not in my head at the moment. We will come back to you with those numbers.

The Hon Greg Pearce: We will get the numbers, but in the most recent iteration in the transition legislation and the regulation that we have just been talking about I understand that somewhere between 85 and 100—that sort of order—of cases currently in the IRC will continue in the IRC that otherwise would be moved over. You would know better than me but, given that these court cases go on for several years, if there are only in the order of 85 to 100 it is not a huge burden. But we will get the numbers in case it is different.

Answer

This question should be referred to the Attorney General.

Public Sector employees (NSWIR)

The Hon. ADAM SEARLE: Minister, having regard to the wages policy provided for in the industrial relations amendment Act and the Industrial Relations Commission employment regulation, how many persons in New South Wales come within the definition of public sector employees according to your agency? (pg 22)

Mr COUTTS-TROTTER: I will take that on notice but obviously there are employees in RailCorp and the Ports Authority. I will need to check it.

The Hon. ADAM SEARLE: The Government still collects that data?

The Hon. GREG PEARCE: Indeed. We do not have the numbers with us.

The Hon. ADAM SEARLE: I am happy for you to take it on notice.

Mr COUTTS-TROTTER: Just to clarify my point, wages policy applies regardless of the jurisdiction you are in. But your question was about which jurisdiction you are in?

The Hon. ADAM SEARLE: The question is particularly how many employees do you think will be covered by the regulation? The regulation covers a particular cohort of employees based on a definition. How many people do you think it is affecting?

Mr COUTTS-TROTTER: Yes.

The Hon. ADAM SEARLE: The question is particularly how many employees do you think will be covered by the regulation? The regulation covers a particular cohort of employees based on a definition. How many people do you think it is affecting? (pg 23)

Answer

See the response to Question 67 of the written questions on notice.

The Hon. ADAM SEARLE: How many persons by address would come within the definition of a public sector employee in each of the 93 State electorates? (pg 23)

Answer

See the response to Question 68 of the written questions on notice.

Warringah Council debt recovery (OSR)

Dr JOHN KAYE: What was the total amount paid by Warringah Council to the State Debt Recovery Office for what I believe was a premium service? (pg 25)

The Hon. GREG PEARCE: We will take that question on notice. Given that this occurred for many years under the previous Government, I am sure we are very interested to know what happened. It is obviously an inconvenience to Warringah Council because it must pay back that significant amount. It is a great difficulty and I know that the Office of State Revenue is in discussions with the council to resolve the matter. As the director general indicated, we are awaiting a report. Subject to any reasons that relate to criminal matters or any other obvious significant reasons, I am happy to release that report when we get it.

Answer

State Debt Recovery Office has Service Level Agreements in place with all agencies with which it conducts business. And fees are set pursuant to this agreement.

Dr JOHN KAYE: What is the total amount of fees collected by the State Debt Recovery Office in respect of providing these services? I am not asking about the fines but about the money it makes? (pg 26)

Mr COUTTS-TROTTER: I would have to take that question on notice.

Dr JOHN KAYE: Do you have a ballpark figure?

Mr COUTTS-TROTTER: I would not guess.

Dr JOHN KAYE: But you will provide that?

Mr COUTTS-TROTTER: Yes.

Answer

In 2010-2011 State Debt Recovery Office collected \$25.7 million in processing fees charged across some 250 agencies.

NSW Health

The Hon. JAN BARHAM: My next question relates to a report earlier this year indicating that New South Wales Health is selling off \$4.5 million worth of publicly owned land in the Illawarra over the next five years. What consultation was conducted with the communities in the Illawarra regarding these lands, and what proportion of this money was directed back into land purchases?

The Hon. GREG PEARCE: That is a Health portfolio matter, but I am happy to take it on notice and get you some information.

Answer:

I am advised by the Minister for Health that NSW Health's Asset disposal Schedule 2011/12 at the end of October does not foreshadow the sale of property in the Illawarra with a value of \$4.5 million over the next five years.

Breakdown of maintenance budget (NSW Housing)

The Hon. ADAM SEARLE: I have a question about Budget Paper No. 4 at 3-17. It states that about \$195 million will be provided for upgrading of existing public and community housing. The description states, "A combination of planned work and improvements to maintain a portfolio ...". Does that include routine repairs and maintenance?

The Hon. GREG PEARCE: No. That \$195 million is renewal.

The Hon. ADAM SEARLE: It is just renewal money, is it?

Mr COUTTS-TROTTER: I am advised that the maintenance budget—and bear in mind that we took administrative responsibility for the Land and Housing Corporation on 4 or 5 October—is \$398 million for responsive and planned maintenance and upgrading of homes, which is about a 10 per cent increase on last year.

The Hon. ADAM SEARLE: Where would I find that in the budget paper?

Mr COUTTS-TROTTER: To be honest, I cannot give you the reference, but we will take that on notice and find it for you.

The Hon. ADAM SEARLE: Would you say so, Mr Coutts-Trotter? You said it was \$398 million for routine repairs and maintenance.

Mr COUTTS-TROTTER: It is \$390 million for responsive and planned maintenance and \$398 million all-up. We can give you a breakdown of the sub-elements of that, but I should do it on notice, I think. (pg 39-40)

Answer

A total of \$398 million is available for repairs and maintenance and improvements to social housing dwellings. Improvements range from planned repairs to major upgrade works and will encompass public and community (including crisis accommodation) housing. This includes:

- \$203.2 million for responsive and planned repairs and maintenance;
- \$179.8 million for upgrading and improving existing public and community housing properties; and
- \$15 million for upgrading up to 3,500 multi-unit dwellings to meet fire safety standards.

New dwellings (NSW Housing)

The Hon. ADAM SEARLE: I note that in New South Wales 2020-21 at page 13, you are the Minister with accountability for facilitating the delivery of the 25,000 new dwellings. Is that the same 25,000 new dwellings that already have been built, or are you proposing to facilitate another 25,000 on top of what the economy is already producing?

The Hon. GREG PEARCE: The economy is not producing 25,000 dwellings. That is the problem.

The Hon. ADAM SEARLE: How many do you say are being produced?

The Hon. GREG PEARCE: I will have to get you that on notice.

Answer

This question should be referred to the Minister for Planning and Infrastructure for response.

Social Housing (NSW Housing)

The Hon. JAN BARHAM: Minister, I would like to follow on from that social housing question. Now that that stock has been transferred over, are you able to provide information as to the last decade's delivery of social housing?

The Hon. GREG PEARCE: In the last decade?

The Hon. JAN BARHAM: The last decade, just the numbers that were provided.

The Hon. GREG PEARCE: I would be happy to do so. I just do not have those numbers with me, so I will take that on notice.

Answer

Details of stock numbers are provided in the Housing NSW component of the Department of Family and Community Services' Annual Report.