

FINANCE, INFRASTRUCTURE & REGULATORY REFORM

Questions taken on Notice during hearing

QUESTION 1

The Hon Greg Pearce: What is your budget in savings for 2009? Could you provide the Committee with calculations as to how you get to that \$60 million figure?

ANSWER

- Savings are being achieved by the State Property Authority in respect of leasing activity being undertaken on behalf of government agencies.
- Under Premier's Memorandum 2008-06, the Authority provides a commercial leasing service to agencies wishing to acquire leased office accommodation.
- The savings being achieved by the Authority relate to centralised property management.
- I am advised savings from centralised leasing activities for 2007-08 were estimated at \$68m, largely through reduced rent from commercial lease management. This is calculated as the difference between asking rents and negotiated rents as achieved by the Authority.
- Savings from leasing activities in 2008-09 are projected at over \$60m subject to market conditions.

QUESTION 2

Dr John Kaye: Briefly, on notice, can you tell us how many were cancelled? How many of these cancellations were because WorkCover could not contact the certificate holders? How much will the retesting program contract with TAFE cost WorkCover?

ANSWER

During the retest program, 23,046 certificates were cancelled for those persons that failed the retest or who chose not to be retested.

No certificates were cancelled because Workcover could not contact the certificate holder.

The cost of the TAFE retesting program was \$2,761,785.

QUESTION 3

Rev Fed Nile (Chair): I note in the budget papers that you provide a \$500 rebate for small businesses to install safety equipment. How many businesses have applied for that rebate and how successful is that program?

ANSWER

95 businesses have applied for the rebate.

While small businesses have expressed significant interest in the program concept, it has not translated into a high number of applications to date. WorkCover is currently working to streamline and modify the initiative to make it more attractive to a wider target audience, including rural and regional areas across the State.

QUESTION 4

Dr John Kaye: Does the Commonwealth funding of the Mardi-Mangrove Pipeline, designed to help secure the Central Coast's town water, mean that the Tillegra Dam is on the list of Infrastructure projects which might not be built.

ANSWER

All infrastructure projects, including Tillegra Dam, are under review as part of the Mini-Budget process.

QUESTION 5

Dr John Kaye: Given that 9 of the top 10 projects submitted to Infrastructure Australia were road projects, did the modelling for these projects take into account rising oil prices?

ANSWER

I'm advised project model scenarios include an escalation process to determine the value of future project cash flows.

Oil prices were considered in this process.

QUESTION 6

The Hon Greg Pearce: Request to provide follow-up letter to Infrastructure Australia on key Transport initiatives.

ANSWER

I am pleased to provide the follow-up letter to the NSW Government's submission to Infrastructure Australia, which provides more specific data about key transport initiatives.

A copy of the letter dated 27 August 2008 is attached.

QUESTION 7

Dr John Kaye: Can you answer this question on notice? What research capacity exists within WorkCover that would provide you with information about what is world's best practice? I am afraid that has to be a question on notice because my time has expired.

ANSWER

WorkCover and the University of Newcastle established a WorkCover NSW Research Centre of Excellence at the University of Newcastle's Ourimbah Campus. The primary objective of the Centre is to work in conjunction with WorkCover to provide excellence in research and research training for the prevention of workplace injury and disease, in alignment with WorkCover's corporate objectives and strategic plan.

WorkCover also funds an Applied Research Grants program in areas of workplace safety and workers compensation.

Additional Questions received on Notice

Questions from Dr Kaye MLC to the Minister for Finance, Minister for Infrastructure, Minister for Ports and Waterways and Minister for Regulatory Reform:

QUESTION 1

The following questions concern the \$500 Safety Solutions Rebate Program which is available to small business employers in NSW:

- a. Please describe the eligibility requirements
- b. How long has the program been operating?
- c. How many small businesses have applied for the rebate?
- d. How many rebate applications have been successful?
- e. How much money in total has been spent on these rebates?
- f. How much money was budgeted for the rebate program in each of the last five years (including 2008-09)?

ANSWER

- (a) To qualify for the rebate of up to \$500, businesses must first attend a free Workcover Safety Workshop, or have a business advisory officer or inspector visit their workplace. The business must complete an action plan based on the information obtained from the workshop or advisory visit, and submit an application and copies of relevant tax invoices to Workcover for consideration. Eligible businesses must also have in place a valid workers compensation policy.
- (b) The program commenced in March 2007.
- (c) 95
- (d) 67. Workcover is currently working to attract a wider audience, including rural and regional areas across the State.
- (e) \$32,000
- (f) Funding of \$2,078,265 has been allocated from 2006/07 to 2008/09.

Questions from Mr Mason-Cox MLC to the Minister for Finance, Minister for Infrastructure, Minister for Ports and Waterways and Minister for Regulatory Reform:

Finance

QUESTION 2

Can the Minister calculate the additional contribution the State Government would have made towards its unfunded superannuation in this budget if it had used a discount rate of 6 percent to calculate its obligations (instead of 7.3 percent) and continued to meet the fully funded fiscal goal by 2030?

ANSWER

I'm advised employer contributions shown on page 6-20 in Budget Paper No 2 of the 2008-09 Budget Papers are based on an earnings discount rate of 7.9 percent, not 7.3 percent as you suggest.

Calculations by Mercer Investment Consulting, the STC Pooled Fund actuary, have indicated that at the currently budgeted contribution rates, general government unfunded superannuation liabilities will be fully funded by 2030.

Calculating a 6.0 percent discount rate is not considered relevant or appropriate at this time. To recalculate the level of employer contributions needed under this scenario would require the re-engagement of Mercer. The additional cost that this would entail, especially under the current economic climate, is regarded as an unnecessary waste of taxpayers' funds.

QUESTION 3

Can the Minister provide an update on legal proceedings in its dispute with the owners of Governor Macquarie Tower and what rent do you expect to pay for this lease in 2008, 2009 and 2010?

ANSWER

There are no legal proceedings current between the Government and the owners of Governor Macquarie Tower.

Under the terms of the lease, the State Property Authority is presently negotiating with the building owners in respect of the 2007 rent review.

The rent in 2008, 2009 and 2010 will be dependent on the outcomes of the 2007 rent review.

Infrastructure

QUESTION 4

Can you clarify which of the proposals in your State Infrastructure Strategy's \$140 billion proposed investment will now be dumped as a result of the financial problems Premier Rees has indicated necessitates the November mini budget?

ANSWER

The State Infrastructure Strategy is being reviewed by the Government as part of the November mini budget.

QUESTION 5

Under the heading 'Highlights' in the State Infrastructure Strategy it is stated that 'although funding will be principally come from the State's annual budgets and prudent borrowing, Public/Private Partnerships will be used where appropriate'. Can you advise what criteria you will apply to determine where PPPs will be appropriate?

ANSWER

The NSW Government is committed to considering infrastructure delivery options that make the best use of the resources of both the public and private sectors. A PPP is a proven infrastructure procurement method that is increasingly being used by Governments across Australia alongside more traditional methods to deliver infrastructure.

The decision to procure infrastructure using a PPP is only determined after Government makes the investment decision. The decision to invest in a project is based on consistency with Government's priorities, the results of cost-benefit analysis and Gateway reviews and other requirements for establishing a business case.

The aim of a PPP is to deliver improved services and better value for money primarily through private sector involvement in the delivery of services, appropriate risk transfer, encouraging innovation, greater asset utilisation, an integrated whole-of-life management, and not to borrow money off-balance sheet. A PPP is considered where such value exists.

QUESTION 6

Prior to release of the State Infrastructure Strategy, can you explain what processes took place to determine those items to be included in and the priority of the so-called proposed \$140 billion infrastructure capital expenditure?

ANSWER

The processes used for the 2008 State Infrastructure Strategy report have been published in Treasury's Policy and Guidelines Paper TPP08-2 *Total Asset Management (TAM) requirements for updating the NSW State Infrastructure Strategy (SIS)* available on Treasury's website.

QUESTION 7

As there is approximately 388,000 square metres of primarily office space contained in Stage 1 and as there is discussion about adding approximately 150,000 square metres of office space, can you advise whether you support the additional 150,000 square metres proposal? If so, what criteria are you applying?

ANSWER

This question is a matter for the Minister for Planning.

QUESTION 8

Can you explain the current issues around the removal of the passenger ship terminal at Barangaroo and how you see that issue being addressed after the development of Stage 1 of the Barangaroo site?

ANSWER

A cruise terminal will be established at White Bay to facilitate construction at Barangaroo to service vessels currently using Darling Harbour 8.

The location of the replacement cruise terminal is being assessed by the Office of the Coordinator General.

QUESTION 9

The *Newcastle Herald* reported early this year that the Chairman of the Hunter Development Corporation, Paul Broad, had accused you of reneging on a Cabinet promise that the Hunter Development Corporation would control 470 hectares of Newcastle Port land. Do you agree that you reneged on that agreement and if so why?

ANSWER

No.

QUESTION 10

Can you explain why the community should not believe that you made a grab for the land to remain with the Newcastle Port Corporation so that you could do a deal with some of your mates on future development of the land?

ANSWER

Consolidation of land ownership at the Port of Newcastle will strengthen its position as a world-leading coal export port. For historic reasons, the Port operates on land owned and managed by seven government agencies. The Government has begun transferring ownership to Newcastle Port Corporation, creating efficiencies for the port and the Hunter Region.

Consolidation of land ownership will also prepare the port for opportunities to diversify its business and improve the port's competitive advantage.

QUESTION 11

What was your involvement in the writing of the NSW Government's submission to Infrastructure Australia?

ANSWER

The New South Wales Government's submission to Infrastructure Australia was prepared by the Office of the Coordinator General, Department of Premier and Cabinet. It represents a consultative view covering the key areas of transport, water, energy and communications. It was developed in consultation with all of all the relevant Ministers.

QUESTION 12

How many times have you visited the North West Growth Sector and the South West Growth Sector since the March 2007 election?

ANSWER

Questions regarding the Growth Sectors are a matter for the Minister for Planning.

QUESTION 13

How much did your Government spend on infrastructure in the North West Growth Sector in 2006/2007/2008? List the projects and the money spent on each.

ANSWER

Questions regarding the Growth Sectors are a matter for the Minister for Planning.

QUESTION 14

How much did your Government spend on infrastructure in the South West Growth Sector in 2006/2007/2008? List the projects and the money spent on each.

ANSWER

Questions regarding the Growth Sectors are a matter for the Minister for Planning.

QUESTION 15

How many times have you met with the Chief Executive Officer of the Growth Centres Commission, Angus Dawson? Please provide dates of meetings, what issues were discussed and who else was in attendance.

ANSWER

Questions regarding the Growth Sectors are a matter for the Minister for Planning.

QUESTION 16

How many times have you met with Treasury officials to discuss the Infrastructure portfolio? Please provide dates of meetings, issues discussed and who else was in attendance.

ANSWER

In the course of my work as the Minister for Finance and Minister for Infrastructure, I receive regular briefings from Treasury on matters in my portfolio.

QUESTION 17

How many meetings have you had with the Minister for Planning, Kristina Keneally? Please provide dates of meetings, issues discussed and names of other attendees.

ANSWER

In the course of my work as the Minister for Finance and Minister for Infrastructure, I regularly meet with my Ministerial colleagues.

QUESTION 18

What is the NSW Government doing to leverage likely Commonwealth infrastructure investments through the Building Australia Fund (BAF) and Housing Affordability Fund (HAF) programs?

ANSWER

In regard to the BAF, the NSW Government has made a formal submission to Infrastructure Australia. The submission has been published on the Department of Premier and Cabinet website.

Questions regarding Housing Affordability Fund (HAF) do not fall within my portfolios.

QUESTION 19

What projects were applied for in the current round of HAF funding in the NSW Government's application?

ANSWER

Questions regarding Housing Affordability Fund (HAF) do not fall within my portfolios.

QUESTION 20

Do you agree that planning policy and infrastructure must be coordinated to ensure appropriate new development of the State?

ANSWER

Yes and they are.

The 10-year State Infrastructure Strategy links the planning embedded in the 25-year Sydney Metropolitan Strategy and other regional planning strategies with the annual budget. The State Infrastructure Strategy process requires agencies to identify the infrastructure projects that are necessary to implement the Government's planning strategies. In addition, the planning process

generates funding for urban growth related infrastructure through development contributions.