

REPORT ON PROCEEDINGS BEFORE

PUBLIC ACCOUNTABILITY COMMITTEE

**NSW GOVERNMENT'S MANAGEMENT OF THE COVID-19
PANDEMIC**

CORRECTED

Virtual hearing via videoconference on Friday 15 May 2020

The Committee met at 10:00.

PRESENT

Mr David Shoebridge (Chair)

The Hon. John Graham

The Hon. Trevor Khan

The Hon. Matthew Mason-Cox

The Hon. Adam Searle

The Hon. Natalie Ward

Ms Abigail Boyd

The Hon. Mark Banasiak

The Hon. Anthony D'Adam

The Hon. Courtney Houssos

The Hon. Mark Latham

The Hon. Daniel Mookhey

The CHAIR: Welcome to the second hearing of the Public Accountability Committee's inquiry into the Government's management of the COVID-19 pandemic. The inquiry is intended to provide ongoing parliamentary oversight to the Government's response to the unfolding pandemic. Before I commence I would like to acknowledge the Gadigal people, who are the traditional custodians of this land, and I would like to pay my respects and those of the Committee to the Elders past, present and emerging of the Eora Nation and extend that respect to other Aboriginal people present or who are viewing this material on the webcast.

Today we will hear evidence from witnesses from the Education portfolio in the morning, including the Minister for Education and Early Childhood, the Hon. Sarah Mitchell, and in the afternoon from representatives from NSW Treasury. Before we commence the procedural formalities for the hearing, may I take this opportunity to acknowledge the community's and the Government's efforts in controlling the spread of the COVID-19 virus. This does not negate the need for the highest level of transparency and public accountability in our political leaders and decision-makers, which brings us to the spirit and intention of today's hearing.

I would also like to acknowledge the exceptional work of teachers, principals and other school staff in the quick shift to online learning in New South Wales. This was an unprecedented task in the development of new materials, shifting to new technologies and supporting students in new ways. These same educators are now working hard to allow student re-entry into classrooms and managing both course delivery and health and safety concerns. It is a big task and we thank them for their important work. I note that as schools return it is a time of significant anxiety for parents, students and teachers. Public school students are coming back this week and next week on a part-time basis, most for a single day of face-to-face teaching, with full-time classes anticipated to resume in the week of 25 May.

People are rightly asking questions about how the return is being managed, what supports are in place for teachers and students and what information is all of these decisions based upon? Student want to know what measures will be taken to ensure their ongoing safety, casual teachers want to know what the future looks like for them, and parents want comprehensive communication about what is planned and why. This is the right time to explore these questions so that we can be sure that New South Wales is following best practice measures and that any problems are quickly identified and dealt with.

I would now like to make some brief comments about the procedures for today's hearing. Like so many other things we have needed to adapt in the face of COVID-19 health measures, the hearings for this inquiry will be conducted via videoconferencing. This enables the work of the Committee to continue without compromising the health and safety of members, witnesses and staff. This being new territory for upper House inquiries, and there being another virtual public hearing being held by another parliamentary committee simultaneously, I would ask for everyone's patience and forbearance through any technical difficulties we may encounter. If participants lose their internet connection and are disconnected from the virtual hearing, they are asked to rejoin the hearing by using the same link as provided by the Committee secretariat.

Today's hearing is being broadcast live via the Parliament's website. A transcript of today's hearing will be placed on the Committee's website when it becomes available. All witnesses have a right to procedural fairness according to the procedural fairness resolution adopted by the House in 2018. There may be some questions that a witness could only answer if they had more time or with certain documents to hand. In these circumstances, witnesses are advised that they can take a question on notice and provide an answer within 21 days.

Finally, could everyone please mute their microphones when they are not speaking. All witnesses from departments, statutory bodies or corporations will be sworn prior to giving evidence. Minister, I remind you that you do not need to be sworn as you have already sworn an oath to your office as a member of Parliament.

The Hon. SARAH MITCHELL, Minister for Education and Early Childhood Learning, before the Committee

MARK SCOTT, Secretary, NSW Department of Education, affirmed and examined

MURAT DIZDAR, Deputy Secretary, School Operations and Performance, NSW Department of Education, affirmed and examined

GEORGINA HARRISSON, Deputy Secretary, People and System Performance, NSW Department of Education, affirmed and examined

The CHAIR: Minister, the opportunity is now yours if you wish to make a brief opening statement.

The Hon. SARAH MITCHELL: Thank you, Chair, I will. Firstly I would like to begin by saying that the Government welcomes this inquiry into our management of the COVID-19 pandemic and we also welcome any findings that the Committee may have. We thank you for the opportunity to appear before you this morning. Over the past few months the Department of Education has rapidly mobilised to respond to COVID-19. Principals and teachers across the State moved quickly and effectively to transition to a model with students learning from home where possible, while simultaneously keeping schools open for those who are unable to learn remotely.

As a result of these efforts in the early stages of the pandemic we are now well advanced in returning all students back on campus in a managed and safe way. Committees across the department have worked on delivering innovative solutions to the problems presented by COVID-19, including developing remote learning resources, providing professional development for staff, procuring and distributing cleaning and personal hygiene products and sourcing thousands of devices and internet dongles to support students' needs. In addition, we have worked with the early childhood education sector to keep centres open for parents and maintain long-term viability. We have supported TAFE and other training providers to re-skill those who have lost work and we have supported international students.

I would like to acknowledge the tremendous and ongoing efforts of all of our principals, teachers and school support staff and department staff, some of whom have been working continuously since the bushfire response—another major operational undertaking of this department. Under the NSW Wales Human Influenza Pandemic Plan the department is primarily responsible for ensuring continuity of education. Key responsibilities include working with NSW Health and other government agencies to prevent and slow the spread of the pandemic in New South Wales public schools; supporting the New South Wales community by reinforcing messages from NSW Health to staff, students, parents and carers; continuing to provide educational services; preparing for New South Wales public schools to return to normal through an effective recovery phase; providing communication links with the early childhood education sector; and supporting communication links with Catholic Schools NSW and the Association of Independent Schools NSW.

The department rapidly convened a task force to coordinate a whole-of-department response effort in order to meet these responsibilities and I am pleased to provide a brief summary of what has been achieved. The department acted quickly to implement infection control procedures. The department has followed the advice of the Australian Health Protection Principal Committee [AHPPC] throughout the response to COVID-19. Schools have been implementing a range of strategies to ensure the health, safety and wellbeing of students and staff, including hygiene measures and physical distancing. As a result, demand for essential supplies of hygiene products increased considerably and some schools experienced shortages. The department stepped in early to reinforce the supply chain by establishing a whole-of-system response and securing supplies to enable the managed return to school.

Health advice is very clear in relation to our students. The AHPPC has said that children do not need to adhere to the same social distancing as adults. Schools have remained open throughout the COVID-19 response and planning for a phased return is underway. Schools have always been open for any child who needs to attend. Attendance rates began to drop dramatically towards the end of term 1 as the number of COVID-19 cases rapidly increased and isolation measures were introduced in New South Wales. This prompted our advice to families that while no child would ever be turned away from school, parents were encouraged to keep their children at home where possible. By the final day of term 1 on 9 April, 94 per cent of students were learning from home. A program of off-campus learning commenced in March 2020, including launching a learning from home hub to provide teaching staff and parents with resources. Professional learning sessions for teachers and support staff were also rolled out.

Shortly after, the department developed a model to enable a managed return to onsite learning, informed by the latest health advice, to ensure a continuity of education for students. Statewide implementation of the model

has now commenced, with students initially returning to school at least one day a week. By Wednesday of this week an average of 32 per cent of students were inside the school gates. We also have a range of strategies and resources that have been developed to ensure inclusion and equitable access to learning. This includes targeted measures to support students experiencing disadvantage, students with a disability, Aboriginal students and students living away from home. The department reached out to the families of students in New South Wales public schools boarding facilities and Aboriginal hostels, to provide parents with options for alternative education provision. There are approximately 3,000 international students enrolled in 265 New South Wales government schools. Schools are conducting a twice-weekly welfare check on these students to ensure their health, safety and wellbeing.

The early childhood education and care sector is essential to providing support, care and education, and the department is working closely with service providers and peak bodies to ensure continued access to early childhood education and care services, including out-of-school-hours care, with appropriate hygiene and social distancing measures in place. The department is also continuing to work with the Commonwealth Government to ensure the ongoing financial viability of the sector. Key stakeholder groups have been engaged throughout the COVID-19 response. Both myself as the Minister and the department have been working alongside the NSW Teachers Federation, the Primary Principals Association and the Secondary Principals Council to ensure the needs of staff in schools are being addressed. We have also been in continuous communication with staff, students and parents, and a dedicated website has been established consolidating this advice.

Finally, can I say that the department is continuing to respond to the challenges of this unique situation and to deliver beyond our responsibilities under the NSW Human Influenza Pandemic Plan. We have always made decisions based on the best interests of our students and staff, using the information available at the time. Throughout the pandemic we have welcomed and will continue to welcome open discussion with students, staff and the community about our response and we also welcome the views of this Committee as part of the inquiry. Thank you.

The Hon. COURTNEY HOUSSOS: Good morning to the Minister and to the secretary and the deputy secretaries. I, too, at the outset would like to acknowledge the incredibly dedicated teachers who have worked through this unprecedented crisis to continue to provide children with the best possible education. I would also like to acknowledge the students who face this massive disruption to their learning, and to their parents, who have been placed often in an almost impossible situation being their child's teacher and also trying to juggle their own work and responsibilities.

Minister, restrictions in New South Wales are being eased across a number of areas today. The current plan is, as you outlined, for students to attend school one day per week. Has that advice changed and when will it be reviewed?

The Hon. SARAH MITCHELL: Thank you, Ms Houssos. You are right, we do have a managed return in terms of our plan to get students back in the classroom; that started this week. We have said to schools that we would like students to attend for at least one day per week. That has been the advice that has gone out to our school communities and it has been going really well; I have been really happy with the attendance data that we have had coming in. I think it has been a good opportunity for all students to get back in the classroom and we have seen schools take that individual approach; we have given them some flexibility in their timetabling and how they have brought students back on campus. We know, for example, that year 12 students are averaging about three or four days a week. So there are different ways that schools are meeting that requirement for students to have at least a day a week.

We have been quite open about this; the Premier and I have both said publicly that we were wanting this first week or two to go well and if it does we would like to have all students back in the classroom by the end of May. That is still our goal and our hope that we will be able to do that. We are pleased with how this first week has gone and we will be having some conversations and discussions over the next couple of days to decide what the next stage is and communicate that out to parents and schools I would say by the early stages of next week is the time frame that we are currently working on.

The Hon. COURTNEY HOUSSOS: Minister, according to the Australian Bureau of Statistics [ABS], across New South Wales we have over 34,000 households with children with no internet access at home, yet the New South Wales Government provided just 4,200 devices—computers, modems, internet dongles—to students needing assistance. Victoria, in contrast, provided 26,000 internet dongles and loaned 48,000 laptops for their 21,000 similar households. Given my students have been remotely learning for five weeks full-time and the vast differences in digital access, parental support and capacity, what resources are you giving to schools to allow teachers to assess what students have actually learnt during their time at home?

The Hon. SARAH MITCHELL: I will get the secretary to provide a bit more comment in a minute around the actual numbers because I actually think it is higher than the 4,200 figure that you mentioned, but I will get him to clarify that. What we have done is worked with our school communities in New South Wales and we know that connectivity is an issue in a lot of our communities. We have worked with the school communities to procure devices that we have provided—that includes things like laptops and iPads, internet dongles—but we have also made sure that students have the work in whatever format they need.

I know of schools that have sent out physical packs of work for children to do and if people do not have connectivity to the internet we have had USB sticks that have been pre-loaded with work that has gone out. We have certainly worked very closely with our school communities and our principals to say, "What are the needs of your children in terms of that technology?" Yes, it is a part of the way that we have been doing learning from home, but there is a range of other resources that we have been providing to schools as well. I might get the secretary now to talk through some of those figures, just to clarify those numbers, if that is okay.

Mr SCOTT: Thank you, Minister. I may have to take some of that on notice. I believe the figure that you are referring to, there was an earlier figure. More dongles and computers have been provided this term and also more have been ordered by us for distribution as well. Also, what we have been able to do is we have been able to release the computers from schools and make them available to be available at home on a long basis. But, as the Minister said, this has revealed a level of inequity that exists not only in the provision of computers to schools but in the provision of computers that have been available or technology that is available for students at home being accessed as well. We have done the best we can to provide additional material and support to them, but many schools have also prepared packs of work, units of work, that have been available for pick-up from school and return to school. In fact, there were schools in rural and remote communities that were doing drop-offs to individual homes as part of this activity as well. I will be able to get some precise detail on numbers on notice for you.

The Hon. COURTNEY HOUSSOS: Thanks very much. Can I just bring you back, Minister, to the end of my question, which was what resources are being given to schools to assess what has been learnt while they are at home? The education experts out there all know the value of face-to-face teaching; education experts say there needs to be some kind of diagnostic tool that is actually developed and that teachers will need to be given time away from teaching to ascertain and make these assessments. What resources are you putting into that?

The Hon. SARAH MITCHELL: Thank you, it is a good question and it is certainly an area that we have been working on and discussing. Obviously the focus at the moment has been how do we support our students who are learning remotely? How do we support our schools to support those students and our managed return back into the classroom? We know that it is much better in terms of the child's education to be in the classroom, and I am sure members of the Committee would all agree. I think you made that comment as well in your question. That has been the focus at this point in time. But we know when we are getting our students back full-time we will need to look at what has happened during that learning from home period. Obviously different students will engage in different ways through that experience; a lot will depend on personal circumstances, on family circumstances. I did allude earlier to some of the challenges that parents have had in terms of helping to supervise their children learning from home and we are really cognisant of that.

So what we need to do is make sure that when our students are back in the classroom we continue to work with our teachers and principals in terms of what support and resources they need. There is a range of diagnostic tools that our schools use in terms of assessing students' capabilities and outcomes throughout the school year. We know that we can use some of those with our school communities, and, again, I might get the secretary to comment further because he has been focusing on this area as well. But obviously that is going to be priority number one when our students are back in the classroom: what do we need to do to better support students for anything they need, and is there a delay in learning during this period of time?

Mr SCOTT: What we expect will happen in the balance of this term, our teachers will immediately move to assessing student progress, what students have learned over the interruption. To a degree our schools are very familiar with doing this. The kind of break that we have had from traditional learning now is the kind of break that students normally have over summer and our good teachers at the beginning of a school year will assess where students are up to and any gaps in learning that might be evident. So there will be assessment schemes that every classroom teacher will use when the assessment is made. We also have a range of tools that are on offer through the department including the testing provided by the Australian Council for Educational Research [ACER] which is available for our classroom teachers, which also provides some standardised testing and benchmarking measures that can be utilised as well.

We are continuing to talk with organisations like ACER as to whether we should have further testing offerings as well. So this time of assessment, this is what our teachers do; there are a range of tools that are already available to them and we are looking at further tools being made available too. We know that classroom teachers will be prioritising and making an assessment of the learning progress of students that has been made over the five or six weeks when we have had the interruptions to traditional classroom learning.

The Hon. COURTNEY HOUSSOS: Minister, I wanted to come to the question of access to resources for schools and, in particular, at the beginning of the remote learning period. You talked specifically about New South Wales being in a better position than other States because we have Aurora College, the online selective high school. Can you tell me how many schools were given access to their resources?

The Hon. SARAH MITCHELL: I will get the secretary to respond to that.

Mr SCOTT: We will take that on notice. One thing I would say though is that the experience that we have had through Aurora College absolutely informed all the work that we had been doing around continuity of learning and the learning hub that was created. What we have done, and we can provide details to the Committee on it, is we have created this website that has enormous traffic for teachers and for parents who are supervising the work of students at home, to allow us to create one unit of work, teaching modules that are used and utilised throughout the department. Some of these were lessons that were created online, other parts were curriculum material—all building on the experience that we had with distance education for a long period of time, and also using digital technology to be able to deliver lessons and professional development as part of the work that can take place through things like Aurora College. So the capability that we have developed around distance learning through Aurora College absolutely underpinned the expertise that was evident through our continuity of learning exercise and the learning from home support that we provided through that website.

The Hon. COURTNEY HOUSSOS: Can I just ask you as well was the Centre for Education Statistics and Evaluation [CESE] commissioned to undertake a literature review or to inform that practice as well as Aurora College?

Mr SCOTT: Absolutely. In fact, one of the things I would say is that, as the Minister indicated earlier on, there has been extraordinary work of all across the department, all the rallying to support schools, teachers, parents and students learning at this time. You mentioned CESE there. I know that CESE was immediately in touch, once this disruption was evident, with their counterparts around the world; there was close engagement with the OECD and the OECD work that was undertaken close to the literature reviews around learning during disruption, learning during the pandemic. So we were drawing on global expertise and we drew from the experience, articulated by John Hattie and the work that was done around New Zealand and the disruption to learning that took place in New Zealand after the Christchurch earthquake in 2011.

So yes, CESE was very much involved in identifying research on best practice around distance learning and around helping students learn in a disrupted environment as we had here. So our CESE people were involved, our curriculum experts, our literacy and numeracy experts, our technology experts, and one of the things that we saw through this activity by the department was a dramatic lift in the level of professional development programs that were on offer and the uptake of professional development of our staff, particularly around the utilisation of technology to be able to deliver teaching and learning experiences for children who were learning remotely.

The Hon. COURTNEY HOUSSOS: I would appreciate it if you could take on notice any specific learnings that CESE did, any specific papers, and then provide that to the Committee. We have obviously got very limited time today, but I think that the experience of certainly teachers who have spoken to me, and there has been broader discussion about this, has been that they were left juggling ourselves. So I would be interested for the Committee to be informed about that research that was happening.

Mr SCOTT: Can I make a comment on that? We have, as you know, 60,000 teachers out there operating in 2,200 schools. The feedback that we have had overwhelmingly has been gratitude for the creation of that learning from home website. The traffic around that has been absolutely enormous; there has been more traffic to the learning from home website and the education website than there has been for the NSW Health website in the heat of the pandemic because of the quality of the information that has been provided, the standard of the support material for teachers—

The Hon. JOHN GRAHAM: Mr Scott, I thank you for that. I think the request was for you to take it on notice.

The Hon. NATALIE WARD: Point of order: I believe it is a matter for the witness whether they choose to take the question on notice or not. I am not sure that our members can direct a witness to take a question on

notice. If a witness wishes to do so and provide more detailed information, that is a matter for them, but I am not sure that members are entitled—

The CHAIR: I have the thrust of your point of order. Could I ask all witnesses to be very mindful of the fact we have a very limited amount of time. I know that sometimes the witness can give a very long, discursive response, and in other circumstances that may be very helpful, but we have a very limited amount of time. So if questions could be focused. If there is detailed material to be provided on notice that would be of assistance. But I think Mr Scott has the right to finish his answer. So I will go to Mr Scott to finish his answer, with that observation.

The Hon. TREVOR KHAN: Chair, before you do, can I just make the observation that if a member in a question makes an assertion, as the Hon. Courtney Houssos did, then a witness is entitled not only to answer the question but to deal with what was a bald-faced assertion, and that is what Mr Scott was answering.

The CHAIR: Mr Khan, I accept your point. If members ask a question which is loaded then witnesses are entitled to address not just the factual matter but whatever gloss is put upon it. But, again, I would encourage witnesses to be as brief as possible and to the point if they can. Mr Scott?

Mr SCOTT: Thank you, Mr Chair. Just a few facts to bring to bear here, and I will be brief. On the school development days on 27 and 28 April we had 40,000 views on the department's website on supporting teachers and learning sites. We conducted 101 webinars and online Q and A sessions over a 20-day period prior to the term 1 holidays—17,000 attendees, with a 98.8 per cent satisfaction rating on those. Then on 28 April, before the holiday started, nearly another 8,500 enrolments, with 99.3 per cent participants indicating that they would use what they had learnt on their course in their teaching and learning practice. I would say, in contrast to the assertion made, that this was truly a remarkable array of professional development that was rolled out in a short period of time to a highly receptive teaching workforce. Of course, this was unprecedented disruption and we applaud the extraordinary work of our teachers to prepare for this disruption. We also applaud the work of the department staff who tirelessly support teachers in their teaching to the great support of the teaching service.

The CHAIR: Thank you, Mr Scott.

The Hon. JOHN GRAHAM: Minister, we know that boosting testing rates is crucial to economic recovery. This morning NSW Health advised that New South Wales has conducted 12,200 tests. That was statewide. Even if all of those tests had occurred in schools, it would be in the order of four tests per school. With testing rates so low across New South Wales, if there were an outbreak in a school we would really struggle to find it until it is too late, until it has spread. What discussions have you had with the health Minister, with NSW Health, about boosting testing? Do you have a target for a rate of testing in schools that would allow us to rapidly detect an outbreak if there was one in a New South Wales school?

The Hon. SARAH MITCHELL: Thank you for the question, Mr Graham. I will make a few comments. I will also ask the secretary to respond in terms of conversations with Health. We have been working closely with Health throughout this entire pandemic. Obviously the health Minister is a colleague. We speak frequently as well. For us, it is about making sure that we have that continuity for education, as I said. That is our responsibility under the pandemic plan. We know that the health advice has consistently said that the risk of transmission in schools is very low. We rely on the health advice when we make these decisions.

I think in terms of the broader rates of testing in the community, the public health advice that goes with that, whether it is in a school setting or somewhere else, really they are questions that are probably better directed to the health department and the health Minister. I know that they appeared before this Committee last week. We take their advice but ultimately they are decisions that are made through Health and not through the department. Secretary, I am not sure if you want to add anything further to that.

Mr SCOTT: Yes. Thank you, Minister. A couple of things. Firstly, I think it needs to be noted—and clearly you understand this, Mr Graham—you talk about low rates of testing. I understand the rates of testing in New South Wales on a per capita basis are amongst the highest, if not the highest, in the world. The clear encouragement from government has been: If anyone has any symptoms at all, get tested. In fact, when the decision was made to reopen the schools, even on one day a week, the Premier made it very clear that anyone in our schools who showed any symptoms should go up and get tested. That is not just advice to them; that is advice to everyone in the community.

The other thing I want to say is that we have been co-operating closely with Kerry Chant and the team at NSW Health. We have supported the work of The National Centre for Immunisation Research and Surveillance with the research that they have been doing on any COVID-19 cases that have occurred in the school setting. You

will have seen their initial research being published some weeks ago. That research has not only been tracing the close contacts of those people who have been identified in the school setting but also testing results of those, including antibody testing, or blood testing, of those people.

The Hon. JOHN GRAHAM: Mr Scott, I am aware of those and that is helpful. We are coming to the close of our questions so I come to that point you made about symptomatic testing. When will we move to asymptomatic testing in schools? The Prime Minister talked about it more than four weeks ago on 7.30. Victoria is doing it but, as you have just observed, the NSW Health advice is for symptomatic testing. That was issued on 24 April. When will we start a program of random testing of asymptomatic people and when will that be rolled out in schools?

Mr SCOTT: Let me take that question, Mr Graham, by framing it in a way that I think we will be framing a lot of answers today. There are health experts who are experts in pandemics, experts in the epidemiology that underpins a lot of this work. In Education we are working closely with those health experts and we are following their advice and their guidance. So if you are asking us what the testing program should be for the spread of disease in the community, they are questions that more appropriately are directed to the health officials—

The Hon. JOHN GRAHAM: They were directed to the health officials, which is why I am asking you. The health officials' advice was: We will be prioritising schools in terms of our response when it comes to asymptomatic testing. You are running the education system with the Minister. When will that program start in education?

Mr SCOTT: When we are advised by Health to commence it. We have not been advised. The testing regime in New South Wales is determined by NSW Health. In all aspects of our response to COVID-19 we have worked in lockstep with NSW Health. Where they have asked for co-operation from our schools and our education system, we have provided it 100 per cent of the way. Where they have asked for access to our schools and students for additional testing, we have facilitated that for them and that is evident in the National Centre for Immunisation, Research and Surveillance report.

The Hon. JOHN GRAHAM: Just so I am clear on your answer—

The CHAIR: Mr Graham, the Opposition's time has expired. We will come back to that I am sure. Minister, your evidence in your opening statement was that if the partial return to school goes well, we would expect a full return of students by the end of the month. Is that right?

The Hon. SARAH MITCHELL: Yes, that is right. That is what we have said publicly and I have reiterated that earlier.

The CHAIR: Thank you, Minister. What does "if it goes well" mean? What is the measure of "going well" that you are going to rely upon when making that decision about more students coming on for longer times at school?

The Hon. SARAH MITCHELL: Look, there is a range of things that we are looking at as a part of that. As I said earlier, just to go back a step, what we did was we made it very clear to our schools, parents and students during the school holidays that we would have the first two weeks of term 2 continue to be learning from home where possible, with schools being open for any student who needed to attend from week three, which was this week. We wanted to start a managed return to school. As part of that what we have done is brought in extra measures in our school communities, which I have spoken about before—things like additional cleaning, hygiene supplies being provided to our schools. This was a good chance this week to test those systems. We wanted to make sure things were working well, that there was not anything that we may have overlooked in terms of, particularly, hygiene and safety. So that is the first consideration. The second one, which I think is of equal if not higher importance, was making sure that our school communities had confidence for children to return to the classroom, particularly our parents and families.

We have known all along, and the health advice all along has been, that any student can attend and schools are safe but, as I said in my opening statement, we saw dramatic increases in parents choosing to keep their children at home well before the Premier or I said that they could do that where possible. The average is, I think, about 7 to 8 per cent of students not on campus on any given day in a normal period. We have gone up to almost 40 per cent and it was rising rapidly each day. We made the decision, particularly based on that continuity of education for kids, that we should move to that one stream of learning—single unit of work—which is why we did that towards the end of term 1.

So, for me, it has been looking at the figures of how many students are returning each day, are we seeing parents are confident to bring their children back to school and enter them in the classroom? Are our teachers

comfortable? Are we feeling that the measures we put in place are appropriate? Is there more that we could have done? As I said, I am really happy with the first week. I think that it has gone very well and we will make a decision early next week about a full return to school.

The CHAIR: Minister, as I understand it, you are not going to be looking at or testing the efficacy of the health measures you are putting in place. It is a question about whether parents feel comfortable and a question about whether teachers feel comfortable. I have not heard from you whether or not you are going to be testing the efficacy of the cleaning, the efficacy of the social distancing, the efficacy of the health measures you are putting in place to either protect the student population or to protect the teachers. What are you doing to test the efficacy of the measures you are putting in place?

The Hon. SARAH MITCHELL: Look, the health advice is that schools are safe and the rate of transmission is very low and that has been the case for the period of time throughout this pandemic. Again, I might get the secretary to talk a little more to that in a minute but what we are doing is relying on the health advice, putting in these extra measures that have been put in place on advice from the AHPPC from people like Dr Kerry Chant here in New South Wales. We know that the additional cleaning measures will take what is a very low-risk environment and, we believe, make that risk even lower—things like staggering drop-off and pick-up times, making sure we have the social distancing between adults. They are practical measures. In some cases we have gone above and beyond the health advice—things like providing some of the personal protective equipment [PPE] gear to our sick bays, thermometers for testing. We want to make sure our schools are comfortable to have students back. The health advice is that they are safe places and we feel confident with that. Mr Scott, I do not know if you would like to add anything more to that.

Mr SCOTT: I would simply add, Minister, that the health advice is to put these procedures in place and that is what we have done. They said to enhance cleaning. We have enhanced cleaning in place—extra cleaning taking place overnight, intra-day cleaning taking place in 2,200 different schools. I want to pay tribute to our team and the team from Public Works who, in a matter of weeks, saw the employment of over 1,000 additional staff to be able to provide intra-day cleaning in our schools. There are guidelines that we have put in place, supplies that we have sent out. More than 4,000 supply drops were taking place every week to get our schools up to speed—

The CHAIR: Mr Scott, my question is not about what the measures are but about what checks you are doing, what measures you are doing, to work out whether or not those measures are working. I do not need a list of the measures. I want to know what you are doing to test whether or not those measures are actually working.

Mr SCOTT: I do not want to get involved in semantics with you here, but the advice is—

The CHAIR: It is not semantics. It is a different issue.

Mr SCOTT: I do not want to get involved in semantic debates with you. I am simply pointing out the fact that the health advice is to put these measures in place and we are putting them in place. So what assurances do we have? Mr Dizdar is with us on the line. Mr Dizdar is in daily contact with the NSW Teachers Federation and secondary and primary principals associations. We have executive directors out there. They are in touch with our Directors of Educational Leadership across schools. We are getting daily feedback from our school system as to how this is working in practice so if there have been any questions about supplies or cleaning provision, they have been reported to us and we have been able to attend to those concerns. If there have been any—and there have been very, very few—we have been able to attend to them—

The CHAIR: Mr Scott, I say again: This is not about whether or not those measures are in place. The question is whether those measures are working. As I understand it from the Minister's answers—the Minister can correct me if I am wrong—there is currently no program in place, from a health position, to test whether or not those measures have stopped or prevented the transmission, either amongst teachers—which surely would be a discrete area of study—or amongst students. None of those testing measures are in place in New South Wales at the moment.

Mr SCOTT: Let us be very careful here. Our responsibility is to follow the advice of the health experts. The health experts have told us—

The CHAIR: I am not questioning that. I want an answer to my question, though, Mr Scott.

Mr SCOTT: It is a very sensitive question because it goes to the health and wellbeing of staff and students in our schools.

The CHAIR: Correct.

Mr SCOTT: In ensuring the health and safety of staff and students in our schools, we are following the advice of health experts. They have told us to put additional cleaning in place. We have done that. They have told us to ensure that we have appropriate sanitiser in schools, PPE in schools and we have done that. Of course, we are closely following any cases of COVID-19 as they occur in a school setting but on those cases let us be very clear what we are doing; that on any given day about 10 per cent—even more than 10 per cent—of the New South Wales population will set foot in a New South Wales public school. You will have, on occasion, a teacher, a staff member, a student who will develop COVID-19, of course, who was attending a school. There is no evidence in place that they have got that COVID-19 from school. In fact, the advice we have had from the experts is that the spread of COVID-19 in schools has been absolutely minimal for more than 850 close contacts that they have chased. So what we have done and what we continue to do precisely is follow the advice of the health experts. We defer to the expertise on this matter and that is—

The CHAIR: Mr Scott, you are pushing against an open door as to whether or not you should rely upon the advice from the health experts.

Mr SCOTT: I am pleased to hear that.

The CHAIR: I am asking you whether or not those measures have been put in place and, I assume, on the advice from Health. I understand what the situation is. I might move on to another matter briefly, which is the decision to delay the HSC by five days. Minister, given the enormous disruption to the year 12 cohort, where did the five-day measure come from and is that going to be adequate, given the amount of disruption that year 12 students have had?

The Hon. SARAH MITCHELL: Thank you, Chair. I will make a couple of comments first and ask the secretary to respond. Obviously, as you would appreciate, the HSC is run by the NSW Education Standards Authority [NESA]. The timetable for those examinations is also set by NESA and the NESA board. Mr Scott is a member of that board. But also what we have done is establish a COVID response committee from NESA to deal with some of the issues that have arisen because of COVID-19, particularly as it relates to the HSC. That committee has representatives from the Catholic school sector, the independent school sector, obviously Mr Scott on behalf of our government schools, NSW Teachers Federation representation as well. So that has been the committee that has been tasked with making decisions about all matters to do with the HSC, and there has been a number that have been made over the last few weeks, and today, as you have noted, the decision or the announcement of the HSC examinations and that five-day delay.

I will ask Mr Scott to provide a bit more comment around the rationale behind that decision. What I will say is that we thought it was very important, and we have continuously said throughout this year, that students will be able to obtain their HSC this year. It has always been our intention that that would be the case. I think it is important to note that while we are starting five days later students will still get their results in a similar time frame. There is still a similar time frame for the examination period so that by mid-December, as is usually the case, results will be available to students and that will help those, particularly, who might be looking to go to university and ATARs and the like.

So, look, I think it has been a sensible measure. It is has been quite an unusual year in education, to put it mildly. Of course, I do feel for our year 12 students who have had, certainly, some disruptions to what I am sure they were expecting their year 12 to look like. In terms of the specifics of the decisions around the time frame, I might get Mr Scott—as I said, he sits on that committee, I do not—for more insight.

The CHAIR: We will go to Mr Scott, and then to Mr Banasiak's questions.

Mr SCOTT: Thank you, Chair, and thank you, Minister. The NESA response has been led by Professor Peter Shergold, who is chair of the NESA board, and Paul Martin, who is the CEO of NESA. A whole series of decisions have been made around the operations of the HSC. We are very pleased with the position now where external examinations would begin, or be held, basically within the same window as has traditionally been the case. The Minister and the New South Wales Premier rejected some of the ideas that had developed out of Victoria and elsewhere that year 12 exams would run all the way into December and results not through until 2021.

We were always keen to hold to the same timetable. I am pleased we have been able to do so here in New South Wales. This will be announced today by NESA to all schools. Rather than the exams starting on the Thursday, they will start on the following Tuesday. They will still basically allow the same spread of exams through the HSC exam timetable and the results still delivered in the same week. It just gives a few extra days for students to come back at the beginning of term 4, touch base with their teachers, just a few extra days of preparation, without lagging the results and therefore not having an impact on when the university offers can take

place and when students can securely exercise judgements for 2021. That seemed like a sensible solution in the circumstances.

The CHAIR: We will probably come back to this.

The Hon. MARK BANASIAK: Minister, in 2018 \$75 million was cut out of cleaning contracts. Now the Treasurer has announced that \$250 million will be put towards cleaning of government facilities, including schools. Can you give us a sense of how much of that \$250 million is being put towards cleaning at schools?

The Hon. SARAH MITCHELL: Thank you for the question. I might ask probably the secretary or, potentially, Ms Harrison, to respond to that. They have been the ones driving the cleaning in schools and the procurement around that. Mr Scott or Ms Harrison?

Mr SCOTT: Ms Harrison might comment on that.

Ms HARRISSON: The additional cleaning that we have provided has been in two phases. The first phase of enhanced cleaning was to increase the number of cleaning hours at every school site by 25 per cent and then, in preparation for the return of students this week, to add to that with additional cleaning throughout the school day in line with those AHPPC guidelines. The specific dollars, I will need to take notice, but the 25 per cent increase and those intra-day cleans have all been done through the public works contract in order to give access to that funding that you referenced from the Treasury.

The Hon. MARK BANASIAK: What compliance checks are you doing on the enhanced cleaning and the additional cleaning? I have received reports from a couple of concerned community members that some schools on the mid North Coast have not received that enhanced cleaning. What compliance checks are you doing? Because cleaning is done at arm's length using contractors so I am just wondering what compliance checks you are doing, given the additional cleaning you are offering?

Ms HARRISSON: Mr Dizdar may want to come in here—and I will go to him in a second—but we have a number of ways, obviously, where our principals would be the first to know what the cleaning arrangement are in those schools and would feed back to us through their asset management units if there were any areas of concern. We are also, obviously, through the DEL network—the Director, Educational Leadership—able to check in with schools and see how that is going. We have received feedback that all schools have had that cleaning so I think that as we were rolling that cleaning out before this term at the end of term 1, it was a staged rollout, the enhanced cleaning, that is now in every single school, and the cleaning during the day is occurring in every school. I do not know if you had anything else that you wanted to add.

Mr DIZDAR: Ms Harrison has described that really well. Every principal in public schools across the State, Mr Banasiak, knows who their asset services officer is who sits in the Asset Management Unit. If they have any concerns in relation to cleaning at all they raise that with the asset service officer who follows up with the cleaning contractor. It is also our operational experience that those cleaning contractors, Mr Banasiak, conduct random inspections of the cleaning for their workforce as well. So the safety layer is the asset service officer to raise any concern and that normally resolves any issues that arise.

The Hon. SARAH MITCHELL: If can just add too, Chair? With respect, Mr Banasiak, and I say this in all sincerity, if you do have examples, if you have parents or anyone contacting you about particular schools, please let me know. And that is the same for all Committee members and, indeed, the public. This is not about trying to be clever. We want this cleaning in our schools. We want it to be happening and all accounts I have had are that it is going very well but if there are any concerns please let me and my office know as soon as you become aware of them, as members, so that we can double-check those arrangements.

The Hon. MARK BANASIAK: In terms of cleaning supplies—you have been quite open about sending out cleaning supplies—have you dictated to the contractors the types of cleaning supplies that are to be used? I know the Premier has been quite open and talking about a two-in-one disinfectant and detergent, and that is based on health advice. Have you actually given direction to the cleaning contractors that they are to use that two-in-one product that the Premier has mentioned?

The Hon. SARAH MITCHELL: I will ask Ms Harrison to respond.

Ms HARRISSON: Our expectation through the public works contract throughout government is that our cleaning contractors would be using appropriate products in line with the health advice that we are operating under.

The Hon. MARK BANASIAK: Is the health advice to use that two-in-one product or is the Premier not making that clear?

Ms HARRISSON: I do not think it is my position to comment on what the Premier is making clear about health advice. We are following the health advice that we have. We are expecting our cleaning contractors to follow the advice they receive through Public Works as part of their contract negotiations and provisions.

The Hon. MARK BANASIAK: One of the cleaners who also contacted me said that as part of the enhanced cleaning all they received was two rolls of Chux wipes, two packs of disposable gloves at no extra chemicals. Does that sound right? Was that the enhanced cleaning kit that was prescribed by the department?

Ms HARRISSON: Just to be clear, the department does not prescribe any of the cleaning kits. The cleaning is provided through a contract arrangement through a private firm and the contract responsibilities on those providers is to ensure that their staff have access to the appropriate materials and cleaning supplies that they need to complete that clean. So if there are particular issues, I think as the Minister has said, around a particular school that we should know about and follow up on, we would be very happy to take that information and do so.

The Hon. MARK BANASIAK: Okay. The enhanced cleaning talks about cleaning down desks. How does that work in a high school where you have got potentially new kids coming in every hour? Obviously, it is probably a little bit easier for the cleaning crews in primary schools but high schools would be quite problematic in terms of maintaining the cleanliness of those classrooms, given the changeover of periods every hour.

Ms HARRISSON: Mr Dizdar may want to come in here as well. Our schools have been working with the guidelines from the health authorities to think about how they organise students on their school sites through this return to school and to consider how they undertake the appropriate cleaning throughout the day to maintain the standards that have been set. Did you want to add?

Mr DIZDAR: Mr Banasiak, at the moment we are in a staged return, as the Minister and the secretary outlined, where about a third of our students are attending at any one day inside high schools. So what we are able to do is actually minimise what movement may look like. When we are fully operational, of course, students in a high school would go from one lesson to another and from a practical area to a theoretical area, et cetera, so there is a lot of movement that can happen. At this stage of the return, high schools—and credit to principals and leadership teams, they have been excellent at re-timetabling and minimising movement and, where there is movement, they have been—with the supply of wipes that have been provided by us as a department, by schools themselves who normally source themselves—they have been encouraging good hygiene amongst our students, and at the end of a lesson requesting that the student wipe down the desk and leave the lesson and go to the next lesson. That is really good practice and alongside minimised movement they are doing all they can to make sure that high-touch surface areas, like desks, that you allude to, are also part of our hygiene routines. These are good practices to develop in adolescents as well. So for our young people, they have welcomed that opportunity.

The Hon. MARK BANASIAK: What is the plan for when you increase the level of students at schools? Are we going to up the ante in terms of that cleaning regime at all? Are we increasing the return to schools on the assumption that everything is fine and we would not go back to a normal cleaning regime?

Mr DIZDAR: We have followed the health advice the whole way through, Mr Banasiak, and if the health advice remains as it currently is that we have within-day cleaning as well then we will need to deliver on that obligation. We will follow the health advice at the time.

The Hon. SARAH MITCHELL: If I can just add too, Chair, what we have done in terms of that additional or enhanced cleaning, my understanding is that that will be in place for term 2—for the entirety of term 2—and, of course, as Mr Dizdar said, we will then continue to monitor the health advice. If it is something that needs to be in practice for longer, then that is what we will accommodate. We will go with the health advice in relation to this matter.

The Hon. MARK BANASIAK: Minister, there has been quite a few high-profile schools in the electorate of one of my colleagues that have been calling out publicly due to lack of supplies. What has been done in that space? Murrumbidgee High School was asking parents for second-hand soap pump bottles. Coleambally Central School was doing a similar thing. Broken Hill was asking students to bring in their own hand sanitiser. Can you give us an update as to whether those issues have been resolved in terms of getting supplies to those schools?

The Hon. SARAH MITCHELL: Sure. Look, it is a good question and I know that they were reports that were coming out. My understanding or recollection was that that was largely towards the end of term 1. What we did find, and I certainly referenced this, I think, in my opening statement today and, certainly, in the House this week, is that when we had that bonanza of people in the community wanting to access things like toilet paper, sanitiser, soap—I am sure we all saw it at our local supermarkets, that it became very difficult to procure those

supplies. In normal settings, schools are responsible for getting those supplies, often locally sourced, and we found that there were shortages and we did have schools contact us in relation to that.

Ms Harrison can provide some more insight into that but that is why we did put together, as I said, that central source of supply and materials to go out. We now have a rolling system, where the boxes and boxes of supplies that went out over the last few weeks in preparation for this week, 550,000-odd items to our school communities, to make up for that issue that we did have. And we recognised that that was a problem that some schools had, particularly, as I said, my understanding is it was towards the end of term 1. That is why we have made some changes to better support our schools to access these supplies. Ms Harrison, did you want to add anything?

The CHAIR: Minister and Ms Harrison, the question was about schools, very specific schools, so if you could answer that question. We have limited time. If you cannot, perhaps provide the answer on notice.

The Hon. MARK BANASIAK: Thank you, Chair. I was just about to ask whether she could clarify those schools I have mentioned. Do they have the supplies that they were seeking?

The Hon. SARAH MITCHELL: As I said, all of our schools were sent out supplies this term, but what I will do is take those specific schools and tell you what has been distributed to those schools. We will take that on notice.

The Hon. ANTHONY D'ADAM: Thank you for your attendance today. It has been a stressful time for our teachers, it has been a stressful time for the department. The teachers have gone above and beyond to adapt to a new mode of delivery. I note that the award that covers teachers' salaries was made only on 3 March. It provided for salary increases from the beginning of the year, but there is another salary increase that is due at the beginning of next year. I note, Mr Scott, you got a salary increase quite recently as well. Minister, can you assure teachers that they will get the pay increases that they are due under this industrial instrument?

The Hon. SARAH MITCHELL: Thank you for your question. Obviously you are making reference to the Government's wages policy and I know that has been in the media, particularly over the last week or so. You have the Treasury officials here this afternoon. These are matters for Treasury in terms of the broader Government policy about the wages policy that we have. What I will say in relation to our teachers is that I have certainly had correspondence from the president of the NSW Teachers Federation in relation to this issue, which I have relayed to the Treasurer in my role as education Minister.

The Hon. ANTHONY D'ADAM: Mr Scott, how much did your pay increase amount to, your recent pay increase?

The Hon. SARAH MITCHELL: Chair, sorry, if I may, this is an inquiry to look at the impacts of COVID-19. The secretary's salary and the determinations around that, which as I understand it happened last year, I question whether these questions are actually relevant to your terms of reference.

The CHAIR: It is unusual for witnesses to take a point of order, Minister, but I note you are taking a point of order in that regard, which you are welcome to. I accept that Ms Ward would have done it if the Minister had not. I will give Mr D'Adam a brief opportunity to make this relevant. I can see ways in which this may be relevant.

The Hon. ANTHONY D'ADAM: This goes to the message.

The CHAIR: Your question has been put. I think Mr Scott is in a position to answer it.

The Hon. NATALIE WARD: Chair, I will take a point of order. My point of order is this: Mr D'Adam may or may not have been at these meetings, but this Committee resolved to hold this inquiry in order to inquire into the Government's response to the COVID pandemic. It is not budget estimates, it is not an inquiry into wages; it is how we are dealing with this pandemic, this crisis, at this time. We have the education experts here to answer those questions about the mechanics of how we are dealing with this in our schools. Frankly, I think that most people would be interested in hearing answers to those questions on those topics.

The CHAIR: Government members have an opportunity to ask questions at the end if they choose. This is the Opposition's time and members have the right to allocate their questions as they see fit, provided it is relevant. I can see how this may be tangentially relevant to the issue of COVID-19. I have made my ruling on it. I will give Mr Scott the opportunity to answer and then Mr D'Adam the opportunity to advance this briefly in some way, as he sees fit.

Mr SCOTT: I can see, Mr D'Adam, that you have been scouring the remuneration tribunal report. I will refer you to the fact that the secretaries have had a 12 per cent bonus cut, that was a contractual statement under the last remuneration tribunal increase, so my salary package has been cut by 12 per cent. My recurrent pay increase increased I think by 1.5 per cent last year, so that has been the change in my remuneration by the remuneration tribunal. That is a change that was put to me, a change of terms in the contract that I signed when I came on board with the Government, but a contractual change that I was willing to accept, that 12 per cent cut to my total earning capacity.

The Hon. ANTHONY D'ADAM: You will accept, Minister, that there is some dissonance between a suggestion that ordinary frontline public servants should have a wage freeze imposed on them and the leadership of the department is getting a pay increase. That is problematic, is it not, Minister?

The Hon. SARAH MITCHELL: Again, as I said earlier, Mr D'Adam, you are talking about a hypothetical in terms of any decisions about the Government wages policy or any change to that. They are matters for the Treasurer and, I suspect, conversations with others, including through a Cabinet process in due course. But as the Premier has said very clearly this week, there has not been any decision made in relation to that matter. You have Treasury in this afternoon. It is probably a good chance to ask them those sort of questions because it falls under their purview.

The Hon. ANTHONY D'ADAM: Can I ask about the National Centre for Immunisation Research and Surveillance [NCIRS] report. That report was released at a very opportune time in terms of the department's decision-making around how the return to school was going to be advanced. Can I ask about the genesis of that report? How did that report come about? The reportage in the media suggests it was commissioned by the department. Is that correct?

The Hon. SARAH MITCHELL: What I will do, Mr D'Adam, is get the secretary to respond in relation to those questions because obviously it was the department working with the Department of Health for that report.

Mr SCOTT: As soon as we first had cases of COVID-19 that were identified in a school setting, I believe Epping Boys High School and Willoughby Girls High School, the Department of Health was very interested to commission independent research to track those close contacts of those who had been diagnosed and to monitor them over a 14-day period and beyond. We immediately indicated our full level of cooperation with them and that cooperation extended as we had more cases in and around the school setting. I can tell you, I absolutely question the undercurrent in the issue that you are putting forward here. The first day that we had cases, we were cooperating with the department to get research and insight into the spread of COVID-19 in a school setting.

When we had a dozen or more cases, all of those cases had their close contacts checked, ongoing monitoring of those close contacts and, as you will have seen from the research, of more than 850 close contacts identified only two new cases of COVID-19 were found—out of 850 close contacts. No transmission student from student, no transmission from student to adult. So I dealt with the professor who was in charge of the research, an eminent expert in immunisation and in epidemics, a highly credible set of professionals who were at work on this. This was important initial research that brought to bear. That work is continuing and it has provided us with insights. When they feel that research is ready, then of course we will release that research.

The Hon. ANTHONY D'ADAM: Is it your evidence that the initiative came from the Department of Health? It was not a case of you, Mr Scott, or someone else in the department, or the Minister or the Minister's office, contacting the Department of Health and suggesting that it might be useful to have a report of this nature? It is appropriate in terms of your process of risk assessment.

Mr SCOTT: It was first raised with me by Dr Chant within a day or so, as is my recollection, of first cases being identified in schools. She indicated that research would be valuable, given the sense that in a school setting you could identify close contacts. As Mr Dizdar said earlier, I think we have had an outstanding process in schools that we have had, to be able to identify close contacts and to be able to track them. It was an important dataset for health researchers. NSW Health was keen to support it. It asked us if we would support it and we were keen to do so as well. Then the independent researchers went and did their work.

The Hon. ANTHONY D'ADAM: Which agency is paying for the report?

Mr SCOTT: I am not sure. I believe it will be NSW Health, or it may be part of the research budget of the research centre. I am not across it.

Ms HARRISSON: If I could just clarify, the Department of Education has not paid for any of that research and has not been asked to contribute any funding towards that research.

The Hon. COURTNEY HOUSSOS: I wanted to come to the issue of hygiene supplies for schools. Minister, we asked you a question in the House about it this week. You gave us some figures. We have broken them down. It means that there are nine rolls of toilet paper per school, 19 bottles of hand sanitiser per school, less than a litre of hand soap, 4.5 bars of soap, five rolls of paper towels, less than two bottles of surface spray and about seven packets of disinfectant wipes. Now, can you tell me, are schools only sourcing these supplies through the central warehouse? Are they still able to purchase their own supplies?

The Hon. SARAH MITCHELL: A couple of responses. What I will say, with all due respect, Ms Houssos, is that what I think you have done is very rudimentary mathematics on the back of an envelope and you have divided the number of supplies by the number of schools. Obviously we have 2,200 public schools in New South Wales ranging in size from as little as 10 to 15 students up to 2,000. The supplies that have gone out have been in response to the numbers at the school. We have had different amounts go to different schools. That is clear, that is common sense and I am sure you would know that and would appreciate that. But you have also through the House asked for—well, actually, no, we did not, we negotiated that outside, I remember now—a list of all the supplies that have gone to every school in New South Wales, which we said we were happy to provide to you I think within a couple of weeks, which is the arrangement that we have made.

You will be able to get a list of everything that has gone to schools and we are happy to provide that to you, we are very happy to be transparent. In terms of where schools are sourcing their supplies, as I said earlier, under normal practice they source supplies locally. They are still able to do that if they choose to, if they have local suppliers, but we have supplies from that central warehouse, as I have said, to provide top-ups where needed. I might get Ms Harrison to talk through that a little bit more, but the whole point is to make sure that schools have the supplies that they need. We have good systems in place, we track amounts that they have, we are asking schools to continuously communicate with us if they are running low, if there are extra things that they need. Supplies can be shipped out very quickly to our school communities. I think that, if I can say this, people in the department who handle this area have done a phenomenal job to support our schools. They have been working round the clock and it is really quite extraordinary.

The Hon. COURTNEY HOUSSOS: Before we go to Ms Harrison, can I just ask you for a clarification on that? You said that you now track the amounts within schools. So you can now tell us that there are however many bottles of hand sanitiser in a school, however many toilet rolls in a school, is that right?

The Hon. SARAH MITCHELL: I will get Ms Harrison to clarify that.

Ms HARRISSON: We are able to track the supplies we have sent out to schools and we are now seeking to track the receipt of those supplies. We are conscious that schools are big places and that some of the feedback that we know has come around supplies has been from staff who were not aware that supplies were being held in the offices in the school sites. I think it is important to have an understanding of the school context when we think about where the supplies might be at a given time, as they are distributed through the school. We started reaching out to schools—

The Hon. COURTNEY HOUSSOS: Sorry, Ms Harrison, you are saying that there are teachers within schools who are complaining about a lack of supplies but might not be aware that they are being held in the office. Is that your testimony to the Committee?

The Hon. SARAH MITCHELL: That is not what she said.

Ms HARRISSON: No, if I could continue with my answer, Ms Houssos, and if I have not clarified that, then please come back to me. We have had contact with schools since term 1. We have been very open to schools if they need supplies. We have contacted every principal and said, "If you need supplies, please let us know and we will source and get those supplies to you." As the Minister commented earlier, that started in the context of supplies around the State, of supply chains throughout the country, being heavily impacted by consumer purchasing and many bulk orders of supplies going in from across the country. We responded to that accordingly and sourced supplies for our schools. This term we have sent out packages of supplies to every single school.

Those have been received by different staff in the school and distributed where they need it. But I was indicating that all school members may not know the full supply stock that a school is holding at a given time even if they have essential supplies in their learning space. They may not be aware of the stock that is being held in the school as a whole. I just wanted to clarify that point, because what we have tried to make sure is that every school has at least a few weeks' supply at any one time. We will continue to send out supplies throughout the term to make sure that schools always have supplies available. Schools should still be sourcing locally for their needs.

The Hon. COURTNEY HOUSSOS: Ms Harrison, I am going to stop you there.

Mr SCOTT: The numbers that you have identified I think do not reflect the latest information and it is important to set the record straight on this. Our advice is that, as of Monday, 78,000 bottles of hand sanitiser has been distributed to New South Wales schools, so that is on average 35 bottles a school. Some schools are tiny, they only have one classroom, other schools will receive much more, and this is the supplies on top of—

The Hon. COURTNEY HOUSSOS: Sorry, Mr Scott, can I just stop you there, because the figures that I was quoting were the figures that the Minister provided to the House on Tuesday. Can you then tell me the updated list, then, for toilet paper, hand soap, bars of soap and paper towel? It sounds as though you needed to update the Minister's House notes before she went into the House on Tuesday.

The CHAIR: Ms Houssos, Mr Scott, I think Mr Scott was in the middle of answering that.

The Hon. TREVOR KHAN: Point of order—

The CHAIR: If this addresses your point of order, Mr Khan, I will go back to Mr Scott and give him the opportunity to provide that answer.

The Hon. NATALIE WARD: I also have a point of order, Chair.

The CHAIR: If it has not been addressed by me referring the matter back to Mr Scott, please go ahead.

The Hon. NATALIE WARD: I let the last question go through. The honourable member is doing her job and is entitled to hold the Government to account, but the House has moved a motion regarding the treatment of witnesses and that we do so with courtesy. I think that there is a way to phrase a question to obtain an answer, but to do so in the manner that she has is not helpful and is not in line with the spirit or the letter of the motion moved by the House. Witnesses are entitled to be treated with respect.

The Hon. COURTNEY HOUSSOS: We have your point, Ms Ward.

The Hon. NATALIE WARD: I am sorry, but you are not chairing, Ms Houssos. Witnesses are entitled to be treated with courtesy.

The Hon. COURTNEY HOUSSOS: You do not need to run interference. We are really cooperative.

The Hon. NATALIE WARD: I ask you to withdraw.

The CHAIR: Ms Houssos, this will go much quicker—Ms Ward, I have the thrust of your point of order. Ms Houssos and Ms Ward. I remind Government members to make your points of order brief so you do not create frustration by winding down the clock for the Opposition. I remind all members to treat witnesses with courtesy. Again, I direct that question back to Mr Scott. If you want to update the figures that were given by the Minister, as Ms Houssos is asking you to.

The Hon. SARAH MITCHELL: If I could answer for a moment, because there was an assertion towards figures that I gave in the House, my understanding is—and I am happy to check *Hansard*—but as at the end of April 2020, that is where those figures came from. Obviously, as I said in an earlier answer, we are now in the middle of May. We have spent the last two weeks sending out significant supplies on top of those figures. I am very happy to provide the Committee on notice with a list of the full amounts that have gone out. In fact, as I said, I have already got an agreement with Ms Houssos that we reached this week to send her within the next two weeks a list of all the supplies that have gone to every school. We are happy to be transparent about amounts here, Mr Chair, but we have already said that publicly.

The Hon. COURTNEY HOUSSOS: Given the Minister's answer, I will move on to another issue. Minister, I wanted to ask whether you have considered installing automatic hand sanitisers at schools? I mean, given we have seen them a New South Wales Parliament, we have seen them in shopping centres, we have seen them in public hospitals, have you considered installing those at New South Wales schools?

The Hon. SARAH MITCHELL: I might ask Ms Harrison to respond to that.

Ms HARRISSON: Our primary focus has been making sure that schools have the appropriate supplies that they need up to this point. I am very happy to take on notice any information on that that we may have back at the department.

The Hon. COURTNEY HOUSSOS: Minister, I will come to another question. You have said that social distancing does not apply to children in either primary or high schools. From a health perspective, most young people receiving care after 16 years of age are treated as adults. Can you explain, then, why an 18-year-old studying at university or TAFE is required to socially distance, and yet an 18-year-old studying at school is not?

The Hon. SARAH MITCHELL: That is probably a question that should go to Health in terms of why the requirements are as they are for children. What I can say is that certainly in conversations that I have had with Dr Kerry Chant—again, the secretary might want to elaborate on this—the advice that we have received in terms of the need not to socially distance in the same way for adults as we do for children on a school site would apply to all of our school-age children. There is no difference in the advice between primary and secondary schools based on what Health is telling us. Mr Scott, is there anything you would like to add?

Mr SCOTT: That is true, Minister. We are following the advice of the experts on it. I will refer you to the analysis that is being done by Health on the incidence of COVID-19 in different age cohorts. That shows a dramatic increase in the incidence of COVID-19 for 20- to 29-year-olds. We have had no advice from Health around separate treatment, rules, guidelines that should pertain to post-adolescent school students and to preadolescent school students. Again, we are deferring to the expertise on this and I am sure if they had a different scientific, medical or health view, that that would be conveyed in their advice to us. There would be two other—

The Hon. COURTNEY HOUSSOS: Okay, I just want to get one last question in, Mr Scott. Minister, if there is, as some are predicting, a second wave of this pandemic, what have you learned about the transition to remote learning that you will do differently next time?

The Hon. SARAH MITCHELL: Thank you for the question. I think that obviously, like everybody, we are hoping that there is not a second wave. We want to make sure that we have the right measures in place. As the Premier says that her daily press conferences, we cannot be complacent about this. We all have a responsibility to keep that curve flat so that we have a managed response here in New South Wales. Look, I think we had a really good opportunity over the last period of time to learn about what does work well when we have learning from home. It is certainly my hope and my preference that we are still able to keep children in the classroom throughout this and that there is not a second wave that further has any disruption to our education system.

Certainly one of the things that I have put in place is a committee—I am looking forward to their work beginning—made up of people from the independent, Catholic and government schools sector, and our teachers, to say, "Well, what have you learned through this? What are some of the experiences that we could keep in our normal schooling process when we are back to school? What are the things we have learned that we can improve?" Look, ultimately our goal is to have children back in the classroom and to keep them there and move to that phase of living with COVID-19, like we will be in the rest of society.

The CHAIR: Mr Scott, I note you are sitting on the committee that has made the decision to delay the HSC for five days. Is it your expectation and is it the committee's expectation that year 12 students who have had six weeks of physical, emotional and educational disruption, perhaps a little longer, are going to be able to make that up with just five days' delay to the HSC? Again, I ask you, what was the consideration about the educational capacity to make good that disruption with just a five-day delay?

Mr SCOTT: I think it has been an imperfect year for year 12 students, as is self-evident, but we had to balance all these matters together. It is the clear view of everyone on that committee—Catholic and independent schools, the Teachers Federation and NESAs themselves—that we did not want to push the exams later if that meant putting the results later. Part of the thing that we were keen to do for those students who are moving to university is hold the integrity of their year 12 work strongly as far as consideration for university entrance. Universities, as will be self-evident, will face enormous pressures this financial year, in the calendar year 2021, with the impact that has happened with international students. So what we could already see was some universities signalling to students that the year 12 2020 results will not matter and they would go back and check on the year 11 results.

I think there was concern that if you push HSC results further back, then universities would be more likely to try and find other ways of entering year 12 HSCs. Our feeling was you want the whole broad timetable, you get the results out in the same period of time and allow those results to be considered by universities and other further education enterprises in considering their offers for 2021. I think there was also a sense of compassion for year 12 students as well. Frankly, they have had a difficult year, a challenging year. To push their exams even later, to push their results even later, there seemed to be a fairness question around that as well.

The CHAIR: Are there measures in place that are going to ensure that the exams are revisited, or the curriculum is revisited, or even the expectations under the exams results to be revisited, given this enormous disruption that year 12 students have had? What allowances or recalibrations will be done?

Mr SCOTT: It is not quite straightforward as to how precisely you do that. Not all students undertake the same unit of work in the same order and the same sequencing. So if in fact you came to the view that we are only going to assess this and not assess that, what do you do with the students who have already studied that body of work compared to those who have not? That was quite hard to do.

The CHAIR: This is why I am asking you, Mr Scott, because—

Mr SCOTT: Some of these matters were considered by the committee, but it is not straightforward as to how you would retrospectively decide what parts of content were in and what parts of content were out. There were changes that were made around some of the subjects as far as prac work was concerned and as far as special performance elements and the like. So NESAs have done what it can. But one thing I would say as well is that many of the students who are doing year 12 are only months away from another kind of learning environment where they will be doing more learning from home or learning online. I think every school has made a commitment to prioritise engagement with year 12 students and revision of work for them. I know our teachers have worked very hard to get work home, to get work back, to keep assignments and assessments going where possible.

I think it is not the case—it has certainly been disrupted—but it is certainly not the case that our year 12 students have not been engaged with their study with their study in recent weeks. Given that they are 16, 17 or 18 years old, they are quite mature and experienced in their learning. They have been getting on with it. So I think NESAs have been able to provide flexibility, but there are limits to the flexibility that has been able to be provided.

The CHAIR: Mr Scott, you would be aware of the many concerns that have been raised about the disparity in terms of online learning capacity, both at an institutional and an individual level, between private schools, which have had significantly greater IT resources than public schools. Are you intending to make allowances based upon that digital divide that exists between the resources of both private school students and private schools on the one hand for online learning, and public students and public schools on the other?

Mr SCOTT: I think I would say to you that our schools, our government schools, particularly through the Gonski equity funding that we have had, more funding has been available for some of our schools, particularly our schools in disadvantaged parts of the State with their IT provision. I know that all our schools have equipped themselves well at being able to provide provision for students to be able to learn from home. But as we have talked about, some students have not had that equipment that is available at home. But that is the reality that they have been working with through their entire schooling career.

The CHAIR: Mr Scott, that digital divide is now creating far, far deeper educational impacts than before because of the online provision. Will there be allowances to ensure that those students who have been severely impacted by that digital divide, primarily in the public school system, are going to get a fair crack at the HSC?

Mr SCOTT: I believe that with schools going back, with schools doing an outstanding job at opening up to year 12 students this week and next week, with hopefully more students back soon, with the exams not starting until October, I know that our schools are going to do an outstanding job to provide every opportunity for year 12 students. We noted the work of John Hattie earlier in this hearing, Hattie's work about the impact of the Christchurch earthquakes on students' results. It showed that students have actually done well despite that disruption because of the clear focus around studies that emerged when students returned to school. So what I would say is, as is always the case, if there are special provisions that are required, NESAs can look at that on an individual basis, but what I know is that our schools and our teachers are going to be working exceptionally hard to provide every opportunity for Government school students in the lead-up to this year's HSC.

The CHAIR: Minister, I will put the question to you. I accept Mr Scott's proposition that public school teachers and public school students will be working exceptionally hard, but they are working in an environment where they have far less access to the online resources, and for some students distressingly poor access to online resources. What are you going to do to ensure that there are provisions in place so that public school students will not be prejudiced by that digital divide?

The Hon. SARAH MITCHELL: I think I will just echo the comments made by the secretary. To be honest, Chair, I think that the work—

The CHAIR: We have not heard anything other than hope that the teachers and the students will come good. We have not heard anything about special provisions for the HSC or any special provisions to allow students to apply for dispensation by reason of the digital divide. You make that happen?

The Hon. SARAH MITCHELL: What I will say to you, Chair—and again, I want to echo as you have said it and the secretary has said it in terms of the incredible efforts of our teachers and our schools, particularly in support for a year 12 student. Seeing them back in the classroom more frequently this week has been what we have asked them to do. I know that that has been a challenge, but it is incredibly pleasing to see. Certainly, in terms of the provision of devices, as the secretary mentioned, we do prioritise our senior students in relation to those devices that were going out. What we need to do now is focus on supporting these students. As a secretary

said, we still have several months until the HSC examinations and we know that our schools will continue to support our HSC students well, as they always do.

The CHAIR: Minister, it is a simple question: Will you ensure that there is a provision, a hardship provision, that public school students can apply under if they have been prejudiced by reason of the digital divide? Will you ensure that is in place, so that we do not see the class divide being evident in the HSC results? Will you ensure that is in place?

The Hon. SARAH MITCHELL: In terms of the hardship provisions that exist around the HSC, as you would know, Chair, they are not decisions made by a minister. They are decisions that are made by NESAs in relation to any variations or provisions that students need to apply for for special consideration with the HSC, whether it is health or any other reasons. I do not know if the secretary wants to provide anything further on that.

The CHAIR: No, Minister, I want to know whether or not you are going to direct that issue to NESAs. I want to know what you are doing as the accountable Minister in this regard, and not just bouncing it to NESAs. What are you going to do?

The Hon. SARAH MITCHELL: Again, with respect, Chair—and I will ask the secretary to make a comment too—as to what I have done, as I said, NESAs board has put together their subcommittee to look at a range of issues in relation to the COVID-19 response. That has included measures around the HSC and that has had representations from us, obviously with Mr Scott on there, from Catholic schools, from independent schools, the Teachers Federation, to come up with appropriate responses based on COVID-19. I trust that committee. There are some exceptional people that sit around the table and I know that they will make good and appropriate decisions.

Mr SCOTT: I would simply add—

The CHAIR: I do not think that answer will provide much comfort.

Mr SCOTT: This is important. With regard to the responsibility for running the HSC every year, the responsibility is with the NSW Education Standards Authority. No Minister interferes in the operation of the HSC, the independence of NESAs in running the HSC is an essential part of its integrity. If in fact you have questions on the operations of the HSC—how students will be assessed, what provisions they get, what marks they get—that is appropriately directed towards NESAs, rather than the Minister of the day.

The CHAIR: I say again, I think there will be many students and parents disturbed at the lack of forward thinking of the Government.

The Hon. MARK BANASIAK: The health advice states the cleaning products that are able to be used in any sort of cleaning during this time and it talks about two in one. Going through some of the products that are being used by your contract cleaners: RSS are using a product called "Taskforce"; JOS are using a product called "Biolex J-FLEX 2"; Broad Spectrum and Facilities First are using a product called "Stride Citrus". If you look at the material safety data sheets on any of those products, none of them fit or match the NSW Health guidelines or even the Federal health guidelines about being a two-in-one cleaning product. I would strongly urge that you might need to take a closer look at and the bit more micromanagement of these cleaning contractors, because they are not adhering to the guidelines.

The Hon. SARAH MITCHELL: Thank you, Mr Banasiak. I do not know whether Ms Harrison wants to provide any further clarity. Obviously, as she mentioned earlier, Public Works are doing this work around the contracts for us. In terms of those specific products, I have to confess I am not overly familiar with the difference between all of them—I am happy to say that—but what we can do is take the bulk of your question on notice and provide some clarity around those particular products that those cleaning contractors are using and, again, how that tails in with the Public Works contracting and advice that comes from Health.

The Hon. MARK BANASIAK: Minister, given your previous critical comments about Local Schools, Local Decisions and tying that into the fact that you and the Premier openly gave the discretion to schools to decide how a staged return would look, which is effectively a tick to Local Schools, Local Decisions and arguably one of the greatest local decisions schools would have to make in that time, has your position changed on getting schools to make appropriate local decisions?

The Hon. SARAH MITCHELL: I think you correlating two separate issues there. I have made comments about Local Schools, Local Decisions, as you know, in the House and said that it is something that we want to have a look at this year, particularly around making sure that all our schools are focusing on those

educational outcomes for our students and ways that we can better support our schools and our principals. That is a separate issue; our policy intention in relation to that area of policy remains the same and that has not changed.

But I will say, in relation to the flexibility that we have given our school communities in terms of the staged return, that we have given advice. We have said to schools, "We would like you to have students attending for at least one day a week and we would like you to prioritise our year 12 students." We have asked schools, where possible, to look at grouping families together. The reason we have had to give flexibility is, as you would well appreciate particularly given your experience in a classroom, is that every school is different and every school has different physicality in terms of their classroom setup and structure. They know their school communities best. They know the best way to put in a roster that talks about bringing families back in on a certain day. These are very unusual circumstances; this is not something that we have ever encountered before, and I think it was important that principals in this instance were able to apply that localised context with the return to school. By all accounts, from the feedback that I have heard from our principals' organisations, is that they did appreciate that flexibility in relation to this particular issue around a managed return.

The Hon. MARK BANASIAK: This is probably question for Mr Scott: What things are going to be put in place for students around the practical HSC projects, whether it be woodwork, metalwork, drama, dance, music but particularly the subjects where they have to make a physical product to then be assessed by external markers that may come to the school or those products may be shipped to a marking centre? What is being done to support those students who have lost a huge chunk of time to complete those projects?

Mr SCOTT: Thanks for that question. There is a series of advices that is up now on the NESA guidelines and that advice has been communicated to schools around this matter. In April the NESA committee agreed to cancel the mandatory group performance examinations in drama and the mandatory performance exams in music extension, taking the fact that group performances are unfeasible under the guidelines at that time. There have been modifications made to those performance examinations. There has been a one-week delay to the language oral exams.

NESA has now indicated the strong view for teacher provided marks, internal marking, instead of external marking for HSC technology major projects and also the body of work in visual arts. That has allowed for two-week extensions of admission dates for those students. There have been changes to the mandatory work placement requirements and a range of other changes as well. All of these have been communicated out to government high schools, independent schools and Catholic schools. Material is available on the NESA website for students and for teachers. What NESA has tried to do is to provide as much flexibility as possible, given the constraints that have operated and the earlier timetable to some of these major works.

The other thing I would say is that I want to pay tribute to our schools that have, despite the fact that there have been fewer people in and around schools, done their best to open up schools for students to be able to come in and work on their HSC major works during the recent disruption. There is full detail up on the NESA website around how this is being dealt with in different subjects.

The Hon. MARK BANASIAK: How is the actual HSC marking process going to work this year, in terms of adhering to any social distancing rules and to-ing and fro-ing of people to marking centres? I know that a lot of marking is now done online, but there are still quite a few subjects that are done face-to-face in marking centres and you have a lot of traffic going into and out of those building and a lot of handling of paper and materials. What is going to be put in place in that space?

Mr SCOTT: I suppose the thing I would say is that that is a fair question and a fair point to raise. We are in the middle of May and HSC marking around written pages and the like will not be cranking up till the end of October. In that time I know NESA, the committee members of NESA and the NESA officers under Mr Martin, will be giving that matter close attention and will be able to provide more advice on that closer to the time of HSC marking.

The Hon. MARK BANASIAK: The devices that you and the Minister have spoken about in terms of technology for learning, or T4L, devices that are being pushed out to schools, what is the plan for those devices once we come out of this COVID-19 crisis and kids are back at school full-time and not needing those devices? Are they going to remain with the school as devices that the schools can use? Are they going to be returned to a central hub for the department? What is the plan there?

Mr SCOTT: That is a policy that we are still developing at the moment. We have basically developed a no-regrets option on procurement. [Inaudible] there has been very significant demand for them, as you would understand, given the massive disruption to classes. We are procuring the laptops and tablets that we need. These are from a regular supply that we have secured for their provision. [Inaudible] I expect that we will probably

procure desktop computers for school settings and more laptops as a mix in the future because we can see the benefit of technology [inaudible] for our students who need it at different times. A precise policy on how we are going to deal with those will be provided in the next few months. [Inaudible].

The Hon. MARK BANASIAK: Minister, in your opening statement you spoke about your concern for the wellbeing of students at boarding schools. Given that you have said there is no more money for Yanco Agricultural High School in terms of improving the conditions that the girls dorm room is in, are you looking to rethink that given the conditions have been described as "Nauru detention centre style" conditions? Will you reconsider that and find some money for that school, given that you have just expressed concern for the wellbeing of students in boarding schools and their living conditions?

Mr SCOTT: I think the Minister might be having some technology problems, so we might take that question on notice, Chair.

The CHAIR: Alright. There is evidence that the Minister is having technology problems, from what I can see.

The Hon. MARK BANASIAK: I was not sure if it was my question.

The CHAIR: I will ask again: Minister, can you hear us? The last question broke the system.

The Hon. MARK BANASIAK: That was not my intention.

The CHAIR: We will endeavour to re-establish contact with the Minister. I think the Minister is pressing reboot, so we will allow that to happen.

The Hon. JOHN GRAHAM: Chair, in the meantime I have some questions on the order of operations and numbers that I would like to put to Mr Scott, from my homeschooling experience.

The CHAIR: I think we have all had homeschooling experience, Mr Graham. I will see if the Minister can hear us; apparently not quite yet. Are Government members of the Committee comfortable, whilst we are trying to get the Minister back online, for Mr Graham and the Opposition members to direct questions to Mr Scott? We will continue to endeavour to get the Minister back online.

The Hon. NATALIE WARD: No, I am not sure that we are.

The Hon. MARK LATHAM: I also have questions for Mr Scott, if it suits the Opposition for me to go ahead of them.

The Hon. JOHN GRAHAM: I think we would be comfortable with that.

The CHAIR: We will give the Minister another opportunity to come on board. We have stopped the clock. If we do not get the Minister back in the next minute or so, I might allow Mr Latham to commence his round of 10 minutes and direct questions to Mr Scott. Mr Scott, I make it very clear that if there are matters that you think are better addressed by the Minister, please let us know and those questions can be taken on notice for that reason.

The Hon. SARAH MITCHELL: Chair, can you hear me now?

The CHAIR: Yes, Minister, it is lovely to hear your voice.

The Hon. SARAH MITCHELL: I do not know what happened, but I can hear some of you now, so that is better.

The CHAIR: We cannot see you; maybe you should take that up with your Federal colleagues and the NBN.

The Hon. SARAH MITCHELL: I am happy to ring in on the phone, if that is going to give us more consistency for the rest of the hearing.

The CHAIR: No, we can hear you but we cannot see you, so I think we will just press on if you are okay with that. We will start with the Opposition's round of 20 minutes.

The Hon. JOHN GRAHAM: Minister, you have at least set out a roadmap for the staging of a return to education, and I congratulate you for that. That is better than some of your colleagues in other areas, where there is no roadmap. But it has been a confusing time for parents and students, especially so for year 12 students. You wrote an editorial on the subject and you said, "To allow only year 12 students to return first, as some have suggested, leaves a significant portion of our school students at risk of not seeing their teachers for an entire term

or potentially more." Schools then promptly ignored that directive: Newtown high, Killara, Sydney girls, Tempe and Greystanes were all reported as ignoring it, alongside many other schools. Do you accept that for parents of year 12 students this has been pretty confusing?

The Hon. SARAH MITCHELL: Thank you for the question. I just want to make a few points in relation to the premise of what you have said. We made it very clear that we wanted to have every student to have the opportunity to have some time in the classroom. We thought that that was important. We thought that we needed to make sure that every child had the opportunity to engage, as I said in that op-ed, with their teacher and be in a school setting. For me it is very important that every child gets that opportunity. I think that for some of our students, if they do not continue that engagement with their learning, they might not make it to their HSC. It was never about not acknowledging the importance of year 12, but it was about acknowledging the importance of every child to connect to their learning and connect to their classroom.

What we did say, as I mentioned earlier, is that we provided advice to our secondary schools and said every student must attend for at least one day a week and where possible we would like year 12 to attend for additional days. What that has meant in practice is that, as I have said, we have seen, on average, year 12 students returning three to four days a week across the State. That is something that we welcome. I welcome that, and we have been able to do it in a way that year 12 students do get those additional days, but every student gets time in a classroom. That is exactly what we set out to achieve.

The Hon. JOHN GRAHAM: Can I ask about this, because the Premier then further confused things the following Monday. She said, "We want a staged approach, but obviously for year 12 we want them"—that is, schools—"to make an exception." That was in the guidelines the department and the education Minister had sent out to schools. Principals have said that is not true; they say it is not in the written guidelines distributed to schools. I had a look at the guidelines for parents; I downloaded the guidebook. It is not in those guidelines. [Inaudible].

The CHAIR: We seem to have some technical issues. Could you repeat the question?

The Hon. JOHN GRAHAM: I was asking: Did the written guidelines to schools contain a reference to all of year 12 being told to return to school five days a week or [inaudible]?

The Hon. SARAH MITCHELL: What I will say again to reiterate the advice that we have given to schools is that I know that both the secretary and Mr Dizdar have been speaking to our principals on a regular basis about the expectations around a return to school. That included, I think from the day that we embarked on it, that we want our students to start to return to Q and A sessions that are interactive. Mr Scott, do you want to talk more through the communications that have gone out to schools?

The Hon. JOHN GRAHAM: Specifically on the written guidelines, what is in the guidelines.

Mr SCOTT: We said at least a day a week. We have had multiple video hook-ups with principals across the State and in those we have made it very clear to those that are solving this that, of course, you want them to solve this. The first priority, as Minister said, is a commitment to every student, that every student is valued and cared for. The feedback from schools this week is that the overwhelming majority supported that strategy. They have told us how glad they have been for every student to be able to walk through the gates this week, because it has been too long.

The Hon. JOHN GRAHAM: Mr Scott, I will invite you to answer my question about the written guidelines.

Mr SCOTT: Mr Dizdar will speak to that in a minute, but I can assure you that in the briefings with school principals, we have made it clear that once they have solved one day a week, [inaudible]. The survey that we have done shows clearly that they have been able to do that. Mr Dizdar will add to that further.

The Hon. JOHN GRAHAM: I invite him to address the written guidelines, if he would like to briefly. If not, I might move on to—

Mr DIZDAR: On the first day back this term, term 2, Mr Graham, we did a live stream with the secretary and myself and we live-streamed out to all our schools. We made it clear that we are looking to support—

The Hon. JOHN GRAHAM: I am not asking about the live stream; I am asking about the written guidelines that the Premier referred to.

Mr DIZDAR: We made it quite clear that we wanted our year 12 students, where possible, to have enhanced opportunity for on-campus learning. Of 454 schools across the State that have secondary students—high schools and central schools—we are really proud of the fact that they have been able to solve and

accommodate, in complex timetabling, to allow for three to four days of year 12 on-campus learning. It has been a phenomenal effort from these schools.

The Hon. JOHN GRAHAM: Thanks for that, Mr Dizdar. Chair, I intend to move on. I might ask the Minister this final question: Minister, the other thing you said in that editorial about year 12s was, "It is a suggestion from those"—that is, the suggestion to send year 12 back to school—"who had forgotten that we must value the education of every child equally." Given that it had been the view of many teachers and educators, along with the view of the Teachers Federation, can you understand that some teachers felt that criticism was directed at them and that such a statement could not be further from the truth?

The Hon. SARAH MITCHELL: Thank you for the question. As I said, it was an op-ed where I expressed my opinion, which was that I thought it was important that every child had a day in the classroom. I think I covered that in my earlier answer. It is something that I have discussed with the Teachers Federation as well. I have been speaking to Angelo Gavrielatos on a regular basis throughout this. I know how hard our teachers have been working and our principals. We are very, very grateful and extremely appreciative for everything that they have done. We had a clear view as a government that we wanted every child to be back in the classroom, and that was the view that I expressed in that opinion piece.

The Hon. JOHN GRAHAM: I might hand to my colleague.

The Hon. COURTNEY HOUSSOS: Minister, NESA has announced that schools do not have to teach the entire curriculum this year. What direction have schools been given about what is essential? What protection is there for a year 6 student, who is starting high school next year, that they will cover all of the ground that their colleagues will, or a student who changes schools in the future that they have not missed out on a crucial part of learning?

The Hon. SARAH MITCHELL: I might ask Mr Dizdar to provide some more information in an operational sense around the advice to schools. You are right, what we have done, at the request of NESA and certainly with my supporter as Minister, is provided some changes around the delivery of the curriculum. We have made clear, particularly in those primary school years, for that focus on maths and English as well. It is just taking into account the fact that, as I said earlier, these are very unusual times. We have students learning from home. We have teachers doing an amazing job to make that work. The idea behind having that flexibility in the curriculum was really in response to what we are seeing with this pandemic. Mr Dizdar, do you want to add something further to that?

Mr DIZDAR: Yes.

The Hon. COURTNEY HOUSSOS: Mr Dizdar, can you tell me whether there have been specific guidelines that have been issued?

Mr DIZDAR: Yes, we have, Ms Houssos. On day one, term 2 we issued guidelines for learning from home and school. The example you gave, for year 6 students, a year 6 student who is in stage three in one of our fantastic public schools. We have indicated that they should be 45 to 60 minutes of English learning occurring, 30 to 45 minutes of mathematics learning, 60 to 90 minutes across other key learning areas—

The Hon. COURTNEY HOUSSOS: Mr Dizdar, I think every family is familiar with those particular timetables. I asked you specifically about whether NESA has issued guidelines about what concepts or where the focus needs to be. Given that they do not have to teach the whole curriculum, were there specific guidelines that were issued to say, not the amount of time that they are spending on each subject, but what concepts and subject matter must be covered this year?

Mr DIZDAR: I will have to take the specifics in relation to NESA on notice, but we gave guidelines to our staff, to our leadership teams around minimum requirements across the syllabus, because they teach to the syllabus, as you would know, Ms Houssos, in schools and in at-home learning environments. We gave them guidance and guidelines around that, but the specifics you are asking about the NESA guidelines, we would have to take on notice.

The Hon. COURTNEY HOUSSOS: I appreciate that. Minister, I ask this on behalf of many parents: Who made the decision to use Google Classroom as the platform for remote learning? What consultation did you undertake? Did you have a tender process? What were the criteria for that tender process?

The Hon. SARAH MITCHELL: I will ask the secretary to provide some comments about that. Obviously, my understanding is, and I am happy for him to clarify this, that Google Classroom is one platform

that is being used in schools. I know from personal experience from my daughter's school that they are actually using Microsoft Teams. I will ask the secretary to elaborate further in relation to that.

Mr SCOTT: Yes, a full suite of options is being used by schools: Microsoft Office, we have used Microsoft Teams, Adobe Connect, we have used Zoom as well, a range of options. We have had procurement exercises with these IT providers over a period of time. Often what schools have used have been the IT systems and infrastructure that they have been using up until the time of the great disruption and they have built on top of that. One of the things that we will do—

The Hon. COURTNEY HOUSSOS: Mr Scott, sorry our time is running out. Would you be able to provide for the Committee on notice any information about which numbers of schools are using the different platforms?

Mr SCOTT: Yes, absolutely.

The Hon. COURTNEY HOUSSOS: Minister, I want to come back to you. Some families have decided not to send their children back to school for one day a week. That might be because they are vulnerable or because someone in their household is. How long will remote support be provided to them? When are you looking at phasing out remote learning as an option? Are you just going to transition these people to general distance learning?

The Hon. SARAH MITCHELL: Thank you for the question—it is a good one. Obviously what we have seen this week are the overwhelming majority of kids returning to the classroom on the day that they have been allocated to attend, which has been good. I will say what we have done, particularly you referenced students who might have personal health concerns and as is always the case those individual students and principals can have discussions about what is needed for those students in terms of their health. The expectation certainly is when we return to full classroom teaching again—and we hope that that is happening by the end of this month, as I have already indicated earlier in the hearing—that students will be attending as per normal practice. Attendance will be marked and it is being marked at the moment on the allocated days that students are supposed to attend. There will of course be medical provisions as well as, frankly, in a normal case in our school setting. The secretary might want to elaborate further on that. But once we return to face-to-face schooling it is our intention to go back to normal as best as we can in terms of the delivery of education. Mr Scott?

Mr SCOTT: Yes, I think that is right, Minister. In a way, if there are medical reasons why a student should not attend school then our schools do an outstanding job at providing learning materials from home wherever possible, so that is what we will transition back to. When schools are open for everyone, schools will be open for everyone, and I think it is very fair for our teachers to say to them that we expect their focus to be on the delivery of classroom learning for the students who are attending at school. So we will manage this appropriately. We expect overwhelmingly our students will return when the doors are fully open as we have seen great engagement around the one-day-a-week learning this week. We expect that will continue through next week and then decisions will be made. But when schools are open we expect schools will operate as close to normally as possible. But if there are students who have medical reasons why they cannot be there then they will of course look to support their learning in an appropriate way.

The Hon. COURTNEY HOUSSOS: Minister, I take from that you are saying if schools return at the end of May, as you and the Premier have outlined is the plan, then that is when the remote learning will end and they will need to be transitioned to some kind of general distance learning if a decision is made—that seems right?

The Hon. SARAH MITCHELL: Yes, that is broadly the understanding that I have in terms of how we are going to make this work. Because, as I said, once we are back at school the idea would be to be back at school in the most normal fashion as possible.

The Hon. COURTNEY HOUSSOS: I have one final question then I will hand to my colleague the Hon. Anthony D'Adam. I am mindful of your earlier comments about the working party on the place of teachers about what can be learnt from this. I am interested to know if there is anything specifically already that you have learnt from this time of remote learning that is going to stay for the future. Is there a single innovation that you can point to now to say, "This is going to stay in place for the future?"

The Hon. SARAH MITCHELL: As I said, that is why we have put that committee together to provide that advice, because I respect that teachers in the classroom will understand far better in terms of what has worked for their students. Again these are things we can measure when the students start to return to school as well. I do not know whether the secretary wants to provide any additional commentary for that one.

Mr SCOTT: Yes. There are things that we are particularly going to look carefully at. One is the tremendous speed and quality of professional development that we have been able to roll out. One of the challenges for us is how the learnings from the COVID-19 disruption help us address underlying issues of concern that we had prior to the disruption. One is about how you provide good quality professional development for teachers in rural and remote areas, how you would allow those best-in-class teachers that we have identified to be able to disseminate their best practice at speed throughout the system. We have been demonstrating we have been able to do that using the tools and the professional development focus that we have had in recent weeks. We will look at keeping that going.

The Hon. COURTNEY HOUSSOS: Mr Scott, I am really sorry—we are running out of time. I have one last question, which is: In terms of the transition back to school, Minister, are you looking at going straight to full time or will it then be to two days or to three days? What is the plan for parents?

The Hon. SARAH MITCHELL: As I said earlier, those are the considerations that we will make over the next couple of days. We wanted to see how the managed return to school process worked this week. We already said to schools that is likely to be in place for two weeks, which would be this week and next week, but we will be in a position early next week to provide that advice to parents and schools as to what the next stage looks like.

The Hon. ANTHONY D'ADAM: I might just square the circle on my earlier line of inquiry. I will start with Mr Scott. In terms of the NCIRS report, were you or any member of the department's staff consulted about the timing of the release of that report?

Mr SCOTT: No, I just knew that it was coming and that it was available and then it was going to be released. I was just aware that the report was being finalised and it was coming, but that finally was a matter in the hands of NSW Health.

The Hon. ANTHONY D'ADAM: Minister, I will put the same question to you. Were you or any member of your staff aware of the timing of the release of that report or consulted on the timing?

The Hon. SARAH MITCHELL: As I say, obviously we were aware, as the secretary was, that the work was underway. My recollection is—and I am happy to check—I know that some of our stakeholders were briefed in relation to the report a couple of days before it was released. I think I was briefed the following day, which I think, from memory, was a Friday, but I will take that on notice. And I think the report was released on the Sunday, so that all happened within a matter of days.

Mr SCOTT: Yes, I can add to that, Minister. We were aware that the headline findings had been generated and the report was being finalised so we did pull together a briefing for the Teachers Federation, the primary and secondary principals' associations, the Catholic sector and the independent sector. I believe that was on the Thursday evening and the report was released on the following Sunday.

The CHAIR: Mr D'Adam, I am sorry. This allocation of time has expired. We are going to go to Mr Latham now, who has 15 minutes of questioning.

The Hon. MARK LATHAM: I start by thanking the Minister, her staff, Mr Scott, all the departmental officials and the frontline teachers and support staff, who have done a good job in this extraordinary and difficult circumstance. Mr Scott, I share some of the Chair's concerns about what is happening with the HSC, not just regarding the digital divide—all HSC students are disadvantaged, some more than others, and digital access is a big part of that—but also whether or not they have had a parent at home helping with their home schooling and also whether or not they have had their own self-starting motivation to feel suited to home schooling.

Are other measures other than the five-day postponement of HSC start-up being considered to try to overcome the overall issue but also to particularly help the students who have fallen even further behind. Here I refer to shortening the holidays at the end of term 2, whether teachers would be available in a more intense way to help during the stuvac that normally precedes the HSC exam period and also whether private tuition could be made available, paying students who have fallen a long way behind to do private tuition over the weekend to make sure that in the difficult circumstance this is as fair and successful a HSC period as possible.

Mr SCOTT: Yes, it is a good question, Mr Latham. Thank you for that. I think a range of options will be considered as we pursue helping these students get to the line at the end of October for the HSC this year. One thing I would say about holidays is I think our expectation is, as was the case in the last holidays, we know that many of our teachers will continue to be available to students during the breaks. There has been a bit of discussion around face-to-face time. I would point out that it is only a two-week break for government school students in the

middle of the year. But even in that holiday period I think there will be opportunities for students to engage and I know that many of our teachers will be doing that.

Part of the extension, part of those extra five days, is to actually be able to push into term 4 more opportunities for student engagement as well. There have been some other suggestions that we are pursuing and identifying. I am not in a position to be able to identify them now but they are more along the lines of some issues that you have spoken about, about how you make available to students support if they have questions in addition to what is available in the regular classroom setting. We will be looking at that at the department and I know NESAs will be looking at that as well in coming weeks.

The Hon. MARK LATHAM: How much of this will be mandatory? You say you know that many teachers will be helping over the school holidays. What are you doing to ensure that they are helping, which of course is the key question in terms of that service delivery?

Mr SCOTT: I think we can trust our principals with this, Mr Latham. There will be a clear sense in schools—and I know from principals I have spoken to they have told me how supportive their schools are of their year 12 students throughout the year. I think we can have a strong expectation that we will see that through the year. We look forward to feedback from schools—if there are concerns from schools around this they will let us know. But our expectation is that all efforts will be made to ensure strong support for our students through to the HSC. I am not sure if Mr Dizdar wants to add to that.

Mr DIZDAR: Mr Latham, as the secretary indicated, the year 12 teachers in particular across the State, a remarkable job in not letting drop what the continuity of learning looks like even when we were 5 per cent attendance inside the school gates. I know of many instances across our sites where they were delivering simultaneous lessons through the technology, as in either Zoom or Google Classroom. They were running the timetable in that school almost like it was face-to-face. It is not quite like being inside the school gates. At the moment that looks like three to four days. Hopefully we can transition to five days.

As you would appreciate, a lot of the courses also are completed prior to the end of term 3. So a lot of the syllabus requirements and outcomes are completed and a year 12 teacher then uses that period of time for revision. So how our schools will recalibrate that time line—a lot of schools run homework centres, a lot of schools run after-school tutorial sessions themselves—they will be best placed to work out how to meet the needs of their cohort. But I take your point about what systemic things might we do to support our year 12 teachers and our year 12 students. They are for further consideration, like the secretary indicated.

The Hon. MARK LATHAM: I know the department always puts a rosy spin on things. I think the reality out here in the suburbs, quite frankly, is that for hundreds of thousands of students this has been an extended holiday—and Mr Scott indicated as much earlier on. So if you can do more than an hour of home schooling you are going great as a parent and your kids are going great. I think you will find the problem is worse than what we are talking about, so the more mandatory catch-up, urgent emergency measures the department puts in place beyond trusting in principals is going to be highly advisable. But on that question of K-12, Mr Scott, you mentioned ACER tests earlier on. At what point do you think the department centrally will have a handle on how far the students have fallen behind once all those tests have been put in place across the system?

Mr SCOTT: It is a good question. One point of clarification: I do not think in any of my testimony today I have indicated that I believe that hundreds of thousands of students have been on an extended holiday.

The Hon. MARK LATHAM: No, you compared it to the summer holiday. I am quoting you from earlier on. You compared it to a period like the summer holiday.

Mr SCOTT: No, what I was saying there, Mr Latham—I think it is a very important point and needs clarification—is I was indicating that our teachers are experienced in making assessments of students when they are returning after a long break from being present in the classroom.

The Hon. MARK LATHAM: Okay. And what did that show?

Mr SCOTT: With a break from presence in the classroom they are used to that. So I think in the second half of this term what we will be expecting teachers to be doing is using formative assessment tools to be able to identify learning progress from students. We will be using the learning progressions that have been rolled out by the department which provide quite granular insights, particularly around literacy and numeracy, for what students have been doing. Then we will also be looking to be able to get data from the students when in fact they have been undertaking the Progressive Achievement Tests that are developed by ACER. So I would hope by the end of term 2 we will really have quite a good sense of the impact that the disruption has had on the learning progress

of students and we will be reflecting that back to parents in the term 1 assessments that are provided to them midyear.

The Hon. MARK LATHAM: Thank you. And what is the intensive catch-up plan once you have that data at hand?

Mr SCOTT: I think we need to see what the data says. But one of the things we have been able to do, and it goes to the answer to the question from Ms Houssos earlier on, one of the things you will be aware of in the Masters review, the initial Masters discussion paper on the curriculum, is there is in a sense a decluttering of the curriculum and really making sure there is a clear focus on the fundamentals in the curriculum, on literacy and numeracy. I think our clear expectation will be, particularly in primary schools, that the focus will be on literacy and numeracy mastering.

We know these are the foundations for learning. We know this is where the early assessment will take place. When formative assessment takes place in classrooms, that is what teachers will be focusing on. One of the things we will be saying to teachers is that some of those other curriculum areas will not be as important as allocating the time to ensuring mastery of literacy and numeracy. That is where the focus will be and that is where the NESA guidelines have been useful to schools to indicate that they are in a position to focus on literacy and numeracy mastery as we return to schools.

The Hon. MARK LATHAM: Is there any general indication yet as to how much money schools have saved by not having students in attendance?

Mr SCOTT: Yes. Not as much as you may have thought, quite frankly. Different costs, so what we saw many schools do was go out and upgrade their own technology, purchase of laptops and tablets in order to distribute to students as well, a significant investment in and around professional development. In a sense what we did as part of a staffing support was guarantee the employment of casuals and make a forced payment, in a sense, from schools to employ casuals. So all the normal costs in operating schools—your staffing costs, your casual costs, your technology costs—those costs continued. Cleaning has continued. In fact cleaning is now costing us significantly more than it was at the beginning of term 1.

The Hon. MARK LATHAM: What is your best estimate as a percentage on the level of cost saving overall?

Mr SCOTT: I think we will have spent money in different areas. We will have turned off the lights in some classrooms but basically what are our big cost drivers? Staff. Our staffing remains the same. There is some flexibility around casuals. We have guaranteed the casual expenditure. We have increased the technology expenditure. We have increased the cleaning expenditure. We are not expecting there to be savings in the operations of schools at all through this disruption.

The Hon. MARK LATHAM: Minister, do you think you jumped too early in cancelling NAPLAN for this year?

The Hon. SARAH MITCHELL: What I think in relation to NAPLAN is obviously that was a decision that was made by all education Ministers. We did so at a period of time when we were having significant cases a day and I think the feeling across all of the States and even from the Federal Minister in addition as well, because it was a consensus view of education Ministers that NAPLAN not take place this year. And in fact it would have been NAPLAN week this week. So the concern particularly then was around having an accurate data source. We did not know how many children would be in the classroom during this week. Certainly the health predictions around the curve and the way that it was going we did not know what kind of social isolation measures would be in place in communities.

We also had concerns particularly around the marking of the assessments and how that would work. We made the call and we made it early because a lot of schools, as you would know, Mr Latham, do preparatory work for being in the online environment. That was starting to happen and in fact was due to happen just after we made that decision. So it is a cancellation for this year. We know that there are other data sources we can get from schools in terms of assessment results. There was agreement, as I said, and consensus from every single education Minister around every State and Territory and the Federal Minister as well that it was the right decision not to have NAPLAN this year.

The Hon. MARK LATHAM: But, Minister, would you say that, given what is called "the great disruption" and the inevitable weakening of student basic skills that basic skills testing is more important than ever before to identify the students and schools that have fallen further behind? Schools are safe and you now

have greater certainty about the reopening of schools. Why can NAPLAN not be held in August, September, October, November or December?

The Hon. SARAH MITCHELL: As you will appreciate, that is not a decision for me alone. Obviously that is one that is done—anything around NAPLAN comes from the Federal Government and also every State and Territory. Education Ministers, as I said, were comfortable with the decision that we made at the time based on the available evidence and what we could see was happening in terms of the exponential numbers of cases. We made that call early. No-one has raised the issue of doing NAPLAN later in the year at this point in time. If education Ministers decide to discuss that when we meet again then that will be considered.

But, as I said, my view is that there was a strong agreement from every Minister around that virtual table when we made that decision that it was the right call for this year. As I said, it is not on the agenda at this point in time for it to be held later in the year. We have to think about consistency of data sets as well and there is a range of issues around that, as I know you would appreciate. The general view would more likely be that it is a year of data that we have lost, and of course that is not ideal but we can have NAPLAN return next year. As you know, I hope that it returns in a format that is a little different than we have now so that we can have the most accurate data sources that we can use in terms of student outcomes and progressions.

The Hon. MARK LATHAM: Now that the evidence has changed, the facts are known, schools are safe, will New South Wales lead the national argument to have NAPLAN in either August, September, October, November or December?

The Hon. SARAH MITCHELL: As I said, I am comfortable with the decision that we made. I think it was the right call. If it is something that is discussed at Education Council we will consider our position then.

The Hon. MARK LATHAM: Can I just come back to the departmental officials and ask what training there has been inside schools for sick bay staff in the identification, prevention and control of this particular virus?

Mr SCOTT: Let me briefly speak to that. Ms Harrison might answer as well. We have provided extensive gear to our sick bays—PPE, temperature checks and the like—all within keeping of the health guidelines and how we need to be making these provisions for schools. I am not sure if Ms Harrison wants to add anything.

Ms HARRISSON: Yes. Just to add to that, the health guidelines have been that existing infection control procedures that are present in our schools now are appropriate for managing in cases in our schools at this time. That guidance has been reissued to schools and they have been reminded of that. The additional provision has been sent out to schools. We will continue to monitor whether our schools are finding that satisfactory or not.

The Hon. MARK LATHAM: Thank you very much.

The CHAIR: Thanks, Mr Latham. Minister, you have said on a number of occasions during this inquiry words to the effect of "teachers are doing an amazing job". They are sentiments that are reflected by all on the Committee. But can teachers be assured that there will be more than just those words from you? Can they be assured that you are going to go into bat for them to ensure that they do not have a pay freeze? Given the amazing job and the extraordinary work they have been doing, are you going to be on their side in that argument?

The Hon. SARAH MITCHELL: I think I covered this issue when Mr D'Adam asked me earlier in relation to the government wages policy. I indicated to him that I had had representations from the Teachers Federation, which I have conveyed to the Treasurer. Frankly, any discussions that may or may not happen with colleagues in a Cabinet setting or around government wages policy, I will put my views forward at Cabinet. That is the appropriate forum in which to do that and it is not something that I can or would discuss with this Committee, as I am sure you would appreciate.

The CHAIR: Minister, I am not asking you for what you say to your Cabinet but I am asking you now what you are going to say to teachers. Are you going to tell them publicly you think they should get their pay rise and you agree with the federation?

The Hon. SARAH MITCHELL: Again, Chair, I think I have covered this already. The wages policy at the moment, as the Premier has said, is there is no change at this point in time. There are considerations happening, obviously, by government, which the Treasurer has alluded to. You have the Treasury officials here this afternoon. I am really not going to comment on that in a hypothetical sense. As I said, I am speaking to the Teachers Federation representatives about a range of issues. This is something that they have raised with me. They have formally written to me recently as well. I will respond to the teachers, including the representatives from the federation, about this matter, as I have been doing and will continue to do.

The CHAIR: Minister, when it comes to early childhood, have you kept track of the number of early childhood centres that have closed over the last three months? In answering that perhaps you could tell us whether or not you are satisfied that there is capacity in the early childhood sector to ensure that as the economy hopefully starts kicking back in places will be available for parents?

The Hon. SARAH MITCHELL: It is a good question and it is good to be able to talk about early childhood in this hearing as well. I will be able to get some specific data for you in relation to any services that may have closed over the three-month period. The deputy secretary responsible for early childhood is not on this teleconference but I will seek that advice from him and give that to the Committee. What I will say is that it is very important that we have our early childhood services operating in New South Wales, as you say, to support parents who are returning to the workforce.

We made commitments around certainly the community preschools which we fund continuing their Start Strong funding and also providing extra funding to cover the fee gap for parents. That has been worked out on an as needed basis with those services. That really has given them that financial viability to stay open, which we know has been welcomed by the sector. We also stepped in to provide some extra support to our local government run services who were not eligible for some of the Federal packages as well. So we have made some significant investments in early childhood, particularly, as I said, the community preschools that we run and the long day care and council-run early childhood services as well because we know it is important. That is why we were happy to make those financial commitments.

The CHAIR: Minister, most of the support packages that are available—the big ones like JobSeeker and JobKeeper—are going to be there at least until September/October. I personally think that they should be much longer but that is a different debate. But I think the packages that have been put forward for the early childcare sector, particularly the Federal one, expire on 28 June. What are you going to do to ensure that the childcare sector can survive post 28 June?

The Hon. SARAH MITCHELL: Obviously for our services, our preschool funding which I alluded to, we have made that commitment for terms 2 and 3, so that is over this six-month period. For our support for our council-run long day care and early childhood services we have said up to six months. Obviously that complements the Federal package. You are right—they have put their timing due towards the end of the financial year. That is something that we will continue to work with them on. You know I have always been very strong and vocal in my views on early childhood education with the Federal Minister and I will continue to do that on behalf of our services to make sure that they are supported.

The CHAIR: And that includes representations to extend the Federal scheme beyond 28 June? I believe it should be extended. Is that your position, Minister?

The Hon. SARAH MITCHELL: As I said, I think we need to let the current package go its course. We are now in mid-May. They made that decision based on the end of June. We have made our local government support—which is the only one that, as I said, complements the Federal package—available for up to six months. And of course we will work closely with the Federal Government in terms of what support is needed. It will be something that I will no doubt be discussing with Minister Tehan in the appropriate time frame.

The CHAIR: Minister, Mr Scott, Mr Dizdar and Ms Harrisson, I am sure you are disappointed to know that the time has now expired for this hearing. On behalf of all of the Committee I thank you for your time but with one reservation. The Government has an opportunity now, if they wish, for a round of questioning—Ms Ward, Mr Khan, Mr Mason-Cox?

The Hon. NATALIE WARD: Thank you, Mr Chair. I just wanted the opportunity to echo—other members had the opportunity to say this and I just wanted to commend the great work that has been done. This is a crisis; it is a pandemic. I just wanted to say to Mr Scott, Ms Harrisson, Mr Dizdar, the Minister and all of the frontline teachers out there and their support staff that it has been an incredibly difficult time and your leadership and consistency through this is appreciated. As a mum at home I am struggling with my simultaneous equations and any guidance on that I would be very grateful for, but I just wanted the chance to say thank you. I know that there are very many parents who now are very appreciative of what teachers do and have a greater level of understanding of how much we need them. So thank you.

The CHAIR: Thanks, Ms Ward. I have recently discovered how much I have forgotten about calculus myself. Mr Khan or Mr Mason-Cox, did you have any further contributions?

The Hon. TREVOR KHAN: I am entirely chilled.

The CHAIR: I will take that as an indication that that concludes the Government's questioning. Again I thank all of the witnesses and particularly the Minister. I know there has been a little bit of a technical glitch there with you, Minister, in terms of the video feed but I thank you for your forbearance. Thanks to the Committee members for the manner we went about the task today. That concludes this aspect of the hearing. We will have a further hearing on Treasury commencing this afternoon at 2.00 p.m. Thanks again, everybody.

The Hon. SARAH MITCHELL: Thank you, Chair and Committee members. I appreciate the time.

(The witnesses withdrew.)

(Luncheon adjournment)

MICHAEL PRATT, Secretary, NSW Treasury, affirmed and examined

JOANN WILKIE, Deputy Secretary, Economic Strategy and Productivity, NSW Treasury, affirmed and examined

STEPHEN WALTERS, Chief Economist, NSW Treasury, affirmed and examined

The CHAIR: Welcome to this afternoon's session for the inquiry into the New South Wales Government's management of the COVID-19 pandemic. As with this morning's session in relation to Education, this afternoon's session in relation to Treasury will be streamed live. It is a virtual Webex video conference meeting. Mr Pratt, would you like to give a brief opening statement?

Mr PRATT: Yes, I would. The unexpected onset of the coronavirus and the resulting restrictions on activity have had a profound impact on the New South Wales economy, as has been the case elsewhere. The economy will almost certainly contract in line with the national trend and unemployment will rise significantly. That said, the State is in the fortunate position of not having suffered as many infections or deaths as in other places, particularly in the United States and Europe, thanks to the early reactions of State and Commonwealth Governments. As such, we are now in a position to be able to lift some of the earlier restrictions, including for schools and limited movements via citizens. This will help to mitigate the impact on the economy. Still, there will be a significant impact on the New South Wales economy. Firstly, it is likely that national and State economies have entered a period of recession, the first in nearly three decades.

NSW Treasury's own modelling on the impact of gross State product [GSP] growth continues to evolve. Modelling by both Commonwealth Treasury and the Reserve Bank of Australia [RBA] that has been released publicly suggests a fall in national output of around 10 per cent over the first half of 2020. The service sector of the State's economy has been hardest hit, particularly in the hospitality, accommodation, retail, travel, arts and recreation sectors. Activity in the worst affected sectors has fallen substantially. Other sectors in the economy such as healthcare, mining, farming and manufacturing have been much less affected. There has been a substantial impact on the labour market, with widespread job losses reported. Yesterday's official jobs report for April showed a rise in national unemployment to 6.2 per cent from 5.2 per cent. A collapse in hours worked of minus 9 per cent means underemployment soared. Early estimates by the RBA and Commonwealth Treasury suggest that a jobless rate of 10 per cent is likely by mid year.

The Commonwealth Government JobKeeper package will help to mitigate the impact on the labour market, but it cannot prevent a rise in unemployment. The impact is showing up in the official data, but this will become even more apparent in coming weeks as more data is released. Survey data has shown there has been a significant impact on business confidence, for example falling sharply to all-time lows, although it has rebounded this week. Retail spending has actually increased, albeit mainly because of the hoarding of toilet paper and dried foods. There have been substantial falls in global equity markets and interest rates, although equity markets have also rebounded. The Australian dollar has fallen sharply, although it has strengthened more recently. Oil prices went negative last month for the first time, but have since recovered. There have been several fiscal support packages put in place to mitigate the impact on the economy, including by the New South Wales Government. The key aims of the packages have been to cushion the impact on business cash flows and maintain links between employers and their employees. The total fiscal support delivered so far adds up to more than 10 per cent of national GDP.

The RBA has also responded, taking the cash rate down to all-time lows, providing cheap, wholesale funding for commercial banks and embarking on an unprecedented program of quantitative easing. The RBA's purchase of government bonds, including those of the New South Wales Government, has eased liquidity concerns and lowered the cost of funding. It is inevitable that the state of public finances will deteriorate. Private sector economists forecast Commonwealth budget deficits of as much as \$140 billion in coming years and a blowout in public debt. The Commonwealth's triple-A credit rating has already been placed on a negative outlook. The impact of the virus could change the longer-term nature of the New South Wales economy. For example, our relationship with China may change, particularly in regard to trade, tourism and education. There may, however, be productivity enhancing reforms that are accelerated, including via the use of technology and the more effective management of the Federation. Thank you.

The CHAIR: Thank you for that, Mr Pratt. I will now go to the Opposition for the first round of questions.

The Hon. WALT SECORD: Thank you for attending today's proceedings. Yesterday was a startling day for the nation. We were told to prepare for more economic pain, with the prospect of more than 650,000 people out of work by the end of the year. Yesterday we were told that 594,000 jobs would be lost nationally, 230,000 in New South Wales alone, and that the New South Wales unemployment rate rose from 4.9 per cent to 6 per cent. We expect to have 420,000 New South Wales residents unemployed by December. I acknowledge your statement at the beginning that underemployment has soared.

We feel for those who are unemployed and those who are unable to access JobKeeper or JobSeeker payments. That is why Labor is taking a bipartisan approach to reform and that is why we agreed to allow the Berejiklian Government to offer and provide supply without an appropriation bill. In extraordinary times we do allow an undertaking of extraordinary things. We welcome the Treasurer's acknowledgement of our bipartisan approach. That is why we are disappointed that he is not here today to attend this hearing. We saw the education Minister, Sarah Mitchell, attend this morning's session. We are also disappointed that the Treasurer has rejected our request for economic briefings and for him to address the New South Wales Parliament, which occurred in Canberra with Josh Frydenberg.

The CHAIR: Sorry, Mr Secord. Mr Khan is about to raise a point of order, but I can probably predict it.

The Hon. WALT SECORD: I was just going to say—

The CHAIR: I suggest that you get to the question.

The Hon. WALT SECORD: I was going to thank Mr Pratt, Ms Wilkie and Mr Walters. We appreciate the hardworking staff in Treasury. By the way, Mr Pratt, how many people are actually employed in Treasury?

Mr PRATT: In the core of Treasury—the core being the economists, fiscal team and the broader finance support team for the sector—the number is around 500. In the broader cluster the number is around 1,000. That takes in the TCorp, icare and State Super.

The Hon. WALT SECORD: We thank them too. I think I will open up with a bit of a Dorothy Dixier and a general question. What is your view on the state of the New South Wales economy as we sit here today?

Mr PRATT: At this point I might get our chief economist to give you some comments, Mr Secord.

Mr WALTERS: The economy, as Mr Pratt said in his opening statement, is suffering at the moment. We are in the midst of finalising some economic [inaudible] at the moment. As Mr Pratt said, the forecast for the [inaudible] national economy are going to be pretty close to what is happening in the New South Wales economy at the moment. As I said in previous comments earlier this year, it is difficult to get a firm handle on quarterly profiles for State economies. We do not get GSP updates on a quarterly basis, so it is hard to say whether quarters will go negative or not. But it is pretty clear that the economy of New South Wales is in recession. It is a first in nearly 30 years, as we know. As you indicated yourself, that is why unemployment is going up so sharply.

We had a 1 per cent increase in unemployment for New South Wales yesterday. It is pretty clear that that will go higher. We see that in the expedited survey results that the Bureau Of Statistics has put out. Those statistics do imply that unemployment is going to approach 10 per cent in coming months, which is very consistent with what has happened in previous recessions, even though we will not be able to confirm that in the quarterly GSP numbers. The fact that unemployment got to 10 per cent in the 1980s recession and 11 per cent in the early 1990s recessions indicates that those are probably ballpark numbers as to where unemployment is going in this downturn as well.

The CHAIR: Thank you for that. Mr Mookhey and Mr Secord, while you are getting an answer from a witness, could you please place your microphone on mute? There is a very loud paper shuffling noise that comes across. I also ask each of the Committee members to introduce themselves the first time they speak for the benefit of Hansard.

The Hon. WALT SECORD: Thank you. This morning the Premier said that revenue had dropped by \$9 billion. Is that correct?

Mr PRATT: Yes, at this point differentially that is correct. I think you would appreciate that as a result of the response packages there has been revenue both waived and deferred. Also, the economic impact on revenue that the chief economist just mentioned is being modelled as we speak. With things like stamp duty we have seen, for example, homes closed to auctions, and that will have an impact on stamp duty revenue and so on. But, broadly, the number that the Premier mentioned is correct, yes.

The Hon. DANIEL MOOKHEY: Thank you for your time and for the work you have been performing for the State over the past weeks. Mr Pratt, can I just unpack some of the detail of your opening statement, which my colleague has already asked about? You said that you are expecting a 10 per cent downturn and you said that comes out of the RBA and Commonwealth Treasury forecasts. Just to be clear, the RBA and Commonwealth Treasury made those forecasts for, effectively, Q2 and Q3 of this year. When you talk about a 10 per cent downturn, is that the time frame that you are also envisioning?

Mr WALTERS: Mr Mookhey, if you do not mind, I will answer that question. The time frame both the Commonwealth Treasury and the Reserve Bank are looking at is peak to trough decline in GDP by June. It is actually in that half; not Q3.

The Hon. DANIEL MOOKHEY: That makes sense. They also said that they expected an increase and bounce back circa 6 per cent to take place from Q3 onwards, without them necessarily making a full forecast for the rest of the next financial year. Is that what you are presuming too?

Mr WALTERS: The Reserve Bank has made more detailed forecasts than that. It has a 5 per cent drop in GDP income for 2020 and a 3 per cent recovery in the 2021 calendar year. My understanding is that Commonwealth Treasury has not released that detailed level of forecast. It has said that there is a 10 per cent drop in GDP from peak to trough, as I said earlier, and a 10 per cent unemployment rate. But it has not put out, from my understanding, what the rebound will look like.

The Hon. DANIEL MOOKHEY: My question is: Have you prepared any independent forecasts for what you think the economy will look like in June 2021? Once we take the next financial year from June of this year to the next year, what do you see as being the likely growth or decline that New South Wales will experience? What rates should we be expecting? Has Treasury prepared that modelling yet?

Mr WALTERS: I will answer that one as well. We are finalising those forecasts now. As I said, the Commonwealth Treasury's numbers are not finalised yet. Those preliminary forecasts were the ones I referred to earlier. Our forecasts are being finalised at the moment. I think you should expect a rebound in the 2021 calendar year. We have not got a final number on what that rebound will look like, but it is fairly typical during an economic turndown as severe as this one that when you get a big fall in GDP and GSP at the State level like we are expecting, you will get quite a good rebound of something around less than 10 per cent, which is consistent with what the Reserve Bank has been saying. You get a big fall in GDP one year and a rebound of something smaller in the subsequent year. There are some permanent impacts from a recession that take some time to overcome. You do not necessary whipsaw back by the same amount.

The Hon. DANIEL MOOKHEY: Mr Walters, you are saying that there is not necessarily going to be a V-shaped recovery as sharp as the decline; you are saying that it is more likely that there is a sharp downturn followed by a slower rise. Is that a fair characterisation?

Mr WALTERS: That is a fair characterisation. I think the description of a U-shaped recovery is probably closer to the way things are evolving. Again, we do not have precision on that just yet. But it would be my understanding that a V-shaped recovery is probably unlikely here.

The Hon. DANIEL MOOKHEY: Do you have a number for how many people in New South Wales you expect to be unemployed in June 2021 yet?

Mr WALTERS: We have a rough figure of about—and I would need to consult my notes—460,000 people. But that is based on our preliminary modelling, which assumed a six-month shut down for the New South Wales economy. As Mr Pratt said in his opening statement, we have opened up parts of the economy earlier than we thought, so the number could be somewhat less than that. But, again, we have not finalised those numbers.

The Hon. DANIEL MOOKHEY: Just to be clear, by the middle of next year, after the economy has been open for a year, in this State you are thinking that there will be 460,000 people unemployed? That is the conservative number that you expect?

Mr WALTERS: That is not what I said. I said that the modelling we did initially was assuming a six-month shut down in the economy from around mid-March until mid-September. That was the 400,000-odd jobs that would be lost in New South Wales. Since then we have managed to get a very good handle on our numbers and have, therefore, been able to loosen the restrictions earlier than we thought. I suspect the number will be slightly less than that. But we have not got those final figures yet.

The Hon. DANIEL MOOKHEY: By slightly less do you mean 400,000 or 350,000? What should we be expecting in a year's time?

Mr WALTERS: Mr Mookhey, we do not have those numbers. It will be less than we originally forecast when we did that six-month shutdown scenario.

The Hon. WALT SECORD: Mr Pratt, you can direct us to the appropriate person to answer this question. With the removal of JobSeeker and JobKeeper, what will be the impact on the unemployment rate in New South Wales?

Mr WALTERS: Our understanding is that JobKeeper will be in place until the end of September. That is the original timing that the Commonwealth Government put that program in place for. We are assuming that will be when the program ends. There has been discussion around potential later or earlier finishes, expansions and retirement. There is a lot of uncertainty around that. We do think that JobKeeper has had a material impact on reducing measured unemployment. The Bureau of Statistics put out some numbers on that yesterday. There is an indication that if we used a different definition, for example "workers that are stood down"—which is the US assumption, for example, that if a worker is stood down and has a job to return to they are still considered unemployed. That is not the case in Australia. If you have a job to return to, even if you are not working at the moment, you are considered to still be employed. If you add those numbers back in to the unemployment rate it would be closer to somewhere around 10 per cent or slightly higher.

The Hon. WALT SECORD: Just so I get this clear in my mind, do you expect that in September the unemployment rate will be 10 per cent?

Mr WALTERS: No. If we did not have JobKeeper it would be closer to 10 per cent, or slightly above. We do have JobKeeper and that lasts another four months.

The Hon. WALT SECORD: What will be the unemployment rate with the removal of JobKeeper?

Mr WALTERS: It depends when you remove it. If it was removed right now then next month's unemployment rate would be significantly higher than it is now. But that is not the Commonwealth's JobKeeper position, as far as I know.

The Hon. DANIEL MOOKHEY: Mr Walters, I think what my colleague is getting at is that the expiry dates for JobKeeper and the elevated payment of JobSeeker is 30 September 2020. On 1 October 2020 what impact do you think the closure of JobKeeper will have on the New South Wales unemployment rate and the New South Wales economy?

Mr WALTERS: There is a risk that if we get to the end of September and JobSeeker is wound back to the original amount and JobKeeper is no longer available there could be an increase in unemployment. But I do not have a precise number around that.

Ms WILKIE: It is also dependant on how restrictions are eased in the forthcoming four months. One of the reasons for people being stood down from work at the moment is because their businesses are not being allowed to operate. If we have a significant easing of restrictions between now and September the ending of the JobKeeper program may have very little impact on the unemployment rate because those businesses will be back in operation and people will be back in work. The impact of the end of the JobKeeper policy significantly depends on what is happening in the economy at that time as well. I am certainly not assuming that we will have the same level of restrictions at the end of September as we have right now.

The Hon. DANIEL MOOKHEY: I understand the point you are making, Ms Wilkie. But right now 60 per cent of people in the labour force are either on JobSeeker or JobKeeper. That are just the statistics. That is huge. It is unprecedented. We have never had a scenario in which so many people have depended on those types of schemes for their primary form of employment. I accept your point that the economics of this turn on what is happening in the broader economy as to whether or not people can return to employment. But what I am asking you is: What work is Treasury doing to model this? Surely you would agree that should that program come to a close and we are in the context of the U-shape recovery that Mr Walters described earlier, a sudden removal of the JobKeeper program and a reduction in the JobSeeker payments will have a material impact on the economy? Do you agree with that?

Ms WILKIE: No, I do not actually believe that follows. As I said, it depends on what restrictions have been lifted by the end of September and the number of businesses that have been able to reopen. Therefore, there may be people who are no longer sitting at home on JobKeeper; they may very well be back working for the

businesses that they are employed by. It significantly depends on what is happening in the economy at the time the JobKeeper program ends.

Mr WALTERS: When JobKeeper was put in place it was assumed that the economy would be shut down for six months. As Ms Wilkie has been saying, we are actually lifting restrictions a lot earlier than that. There is a lot of uncertainty around this. As Ms Wilkie said, we just do not know what will be going on with the underlying growth in the economy.

The Hon. WALT SECORD: Mr Pratt, in your opening statement you referred to the easing of restrictions. We see that there is a going to be an easing of restrictions today. You said that that would be a measure of recovery. How is NSW Treasury measuring the impact of the easing of restrictions that is taking place today?

Mr PRATT: There is a process that we are following and I will get the chief economic to talk to the economic piece directly. But we are working closely with Health on all areas of the easing of restrictions. Many of those things have already been flagged through the national Cabinet and the Prime Minister in what you have seen was publicly announced. We are using that to inform our own framework as well. Every week there is a process to look at what set of restrictions might be considered going forward and in what time frame. That is done in conjunction with Health and Treasury. The primary lens on that is Health, as it should be. But we are having direct input into that. If you wish I will get Mr Walters to talk directly to our input models.

The Hon. WALT SECORD: Yes, I am very interested in the practical measurements and how you are going to determine these things from an economic standpoint?

Mr WALTERS: As Mr Pratt said, we have had intimate involvement with Health and other agencies across government to examine both the impact of the restrictions that we have put in place and the economic benefits that accrue as those restrictions are lifted. A lot of detailed work has been done within Treasury, for example, about getting as many children as possible back to school within the health advice restrictions. We know that has an enormous benefit to workplace productivity and that it does increase available supply of labour. So that is one example. If you can get children back into school in a safe environment, there is a big productivity boost to the economy.

We know there are other economic benefits associated with opening retail outlets or allowing and encouraging retail outlets to open again, allowing people to gather in public places in limited numbers, and allowing people to access cafes and restaurants or sit-down meals again. We know that has big economic benefits. We have worked through all of these individual restrictions that have been put in place with advice from Health, as Mr Pratt said, to make sure that we are balancing both the health outcomes against the benefits to the economy as we lift these restrictions.

The CHAIR: Mr Secord, I am sorry. Time for this round of questioning has expired. We are going to move on to Ms Abigail Boyd and they will come back to the Opposition.

Ms ABIGAIL BOYD: My first question is: Where is the Treasurer? Why is the Treasurer not here?

Mr PRATT: I cannot speak for the Treasurer, Ms Boyd.

Ms ABIGAIL BOYD: Do you not know why he has not attended?

Mr PRATT: You would have to ask him that question.

Ms ABIGAIL BOYD: I will pick up off of the discussion that has just been had in relation to the real levels of unemployment. I do understand that when we are looking at the JobKeeper figures, we are not clear as to how many of those people will be able to return to work with their employers once the JobKeeper supplement is lifted. Have you done any analysis, or do you have any figures, as to how many businesses currently receiving JobKeeper are likely to fail before those restrictions are lifted?

Ms WILKIE: Sorry, Ms Boyd, that is difficult to do any rigorous quality analysis on. As part of the work that we are doing in understanding the impact that this crisis and the pandemic has had and that restrictions have had on business and the economy, we run regular business liaison sessions with a whole heap of industry groups. At the moment, the main way we are getting information on that, in the absence of hard data through the ABS or other data sources, is through the business liaison work that we are doing. To be honest, the business associations themselves are unsure of what the answer to that particular question is at the moment. There is anecdotal evidence that we have all read in the press about JobKeeper being the only thing that is keeping some businesses alive or viable at the moment. Coming into the city today to do this, I saw people sitting in cafes that are open today that were not open earlier in the week. There were people sitting in the cafes eating. There are businesses that have reopened.

Ms ABIGAIL BOYD: Sure. We could all look at the areas around us and say, "Well, there's a business open so it cannot be that bad." Clearly, it is a lot worse than that and it goes a lot deeper than just the cafes. Obviously, when looking into the future and working out what the effect of lifting JobKeeper is going to be and how much of a shock that might bring in its own to the New South Wales economy, having the figures as to how businesses are likely to do would be incredibly useful, would it not?

Ms WILKIE: Yes, of course, it would. But what I am saying is that we do not necessarily have—no-one has—those data sources available to them. Wages and salaries are obviously a large portion of any business' costs but if a business is not going to reopen [inaudible] through the front door as well. There is a large [inaudible] aspect of the labour being provided by employees and having employees available, but there is also a calculation that needs to be made from a business' perspective about how many customers they are going to have coming through their front door. New South Wales never closed down the retail sector, for example, as part of the public health orders. However, we all were aware [inaudible] of all of the businesses in Westfield shopping centres that decided to close their doors because there was not the foot traffic in the mall.

As people have then felt more confident about going out and with some of those restrictions about reasons for leaving your home having been lifted, the mobility data is showing significant movement in shopping centres and that sort of thing. The bank data that we are seeing in terms of consumer spend in those sorts of stores is coming back up. We have that sort of information that we are able to extrapolate from that in terms of the sorts of numbers of businesses that we think will reopen, but it is not an exact science. JobKeeper is only one of the costs that businesses face.

Mr PRATT: Through our network of businesses every week, we have regular business calls, be it corporate or SMEs in the market. I do expect, though, that, to your question, we are going to see many businesses remodel the way they operate. If you look at online sales, they have spiked. I do think many businesses will use this period to rethink their operating model. That is particularly using technology and online selling but also shopfront. An example of one [inaudible] was going home to home and has no intention of reopening her shop. The impact of this will be significant. We cannot answer that question at this point but we are trying to collect as much data as we can to help us inform that.

Ms ABIGAIL BOYD: That is really at the heart of my question. If you look at whether or not the Federal Government should be doing something more to ease that cliff, I guess—if they do stop the JobKeeper payments as of September, the secondary shock that that will have on the New South Wales economy—if we end up with then having a huge number of people who have no job and no JobKeeper payment, what do we do about that, particularly when we think about the number of people who have left looking for a job because they are now caring for somebody at home or the circumstances of the restriction have made it so that they cannot get a job, so they have temporarily stepped back out of the labour market. When these people go back in, as well as all of those JobKeeper people, we have some estimates saying that Australia's true unemployment rate is around 20 per cent at the moment, if you consider those factors as well. If that is the case, we have a massive shock. My question is: What are you doing to model for that and to prepare for that?

Ms WILKIE: Ms Boyd, I do not actually accept the premise of your question. The assumption you are making there is that the economy will stand still between now and the end of September when JobKeeper comes up. As we have already said a number of times today, restrictions are lifting. If we keep going well in the health aspect of the pandemic, restrictions will continue to be lifted, which means that businesses will come back, businesses will start reopening, those having been stood down will be back working in their business premises. I do not think it is a lay-down misère to say at the end of September we will have the same number of businesses closed as we have right now.

Ms ABIGAIL BOYD: I completely understand the idea that it is not going to be a sudden lift and suddenly we are back to "normal" and that instead there is an assumption that the business will pick up as restrictions are lifted. You seem quite happy to be thinking about that in your assumptions, even though there are not specific statistics to back that up and there does not seem to be any work to work out why you think those businesses will open, and yet when I suggest that we should be looking at how many businesses are actually going to go under after JobKeeper is lifted, no work is being done into that and that seems to be an assumption we do not need to make. Yes, there is uncertainty, but would you not be looking at both of those things?

Ms WILKIE: We are looking at both of those things. We may not have the numbers yet but we are looking for that evidence. That it does not exist at the moment is part of the issue but you cannot, I guess, assume that everything will be the same, but you also cannot assume that it is going to be all completely different. Of course, it is going to be somewhere in the middle of those things. I guess what I am objecting to is that—you, too, cannot have it both ways that you are trying to argue with. We are going to see more businesses reopen. They may

not all reopen but that means that the cliff that you are talking about—presuming JobKeeper is not going to be the same cliff—that is, it would have been easy if no more business is open—so it is working out what the implications are. As Mr Pratt said, businesses may not open in the same way.

The consumer sentiment, though, is saying that more and more people have done online shopping for the first time across a broader spectrum of product categories than they have ever done before. They are indicating that their intention to continue shopping through online channels is increased from what they had previously considered doing. That means that some shops and some [inaudible] of the retail sector may not be viable or may not need to reopen their bricks-and-mortar storefronts, which might mean that they do not need as many employees, because they have a warehouse where they are filling in online orders versus having people in the store. They may reopen but the employment implications are not straightforward.

Ms ABIGAIL BOYD: Yes. So we are looking at different factors that may counter each other; they may not counter each other. As you say, some businesses who were on JobKeeper will continue to get business and they will not need to rely on JobKeeper but then there are a whole bunch of others that presumably will not have that same success. My question to you, given the job of Treasury to look into the future and try to prepare for those shocks, is how much of a cliff will that be then when JobKeeper is cut off? How many people in New South Wales will suddenly be in the unemployment market and added to our official figures?

Ms WILKIE: As Mr Walters has said, we are doing that forecasting right at the moment. To be honest, I cannot give you a number on that because it is so dependent on what happens between now and then. That is the sort of area where we have to start doing some analysis because the number that that might be is highly dependent on whether we have, God forbid, a re-emergence of the virus and broad community transmission, and we have to start bringing restrictions back in place. That will mean that if we need to do that, then that is a very different scenario than if we are able to maintain the current situation and we continue to lift restrictions so that, as per the National Cabinet three-stage process, we get to the middle of July and we have everything but international borders opened up. Those are very different scenarios and they have very different implications for employment, business openings and what happens with the labour.

Mr PRATT: The difficulty we have answering your question at the moment—[inaudible] between what restrictions are lifted at what pace and so we go back somewhat to a world as we knew it potentially; what new business models may emerge—and there will be—and then what existing businesses will translate and operate. A classic example for you, at a higher level, is Australia Post, who, over a number of years, have seen their traditional way of business and revenue fall out the back. Suddenly, you want to be in the parcel business with online deliveries now just lifting in staggering numbers. That is an example to me of a remodelled business opportunity and we are going to see that. We are getting intelligence from the market every week with all three levels of businesses, as I have indicated. I have challenged our economists now to try to start making sense of that exactly to the question that you are asking.

Ms ABIGAIL BOYD: Thank you. That is what I am getting at. The job of Treasury—correct me if I am wrong—is to prepare us for the unexpected. We can all look at what is happening now and think about what might happen, but if we have a possibility of a shock from the JobKeeper payment being removed or from a number of people coming into the workforce who have not been able to [inaudible] because they have been caring for children or whatever it is, or, as Ms Wilkie says, if you end up with a second wave and we go back down into a semi-lockdown, what are the preparations for that? What is Treasury doing to prepare the State to withstand that better?

Mr PRATT: I take it on board, thank you. We are focused on doing it, but as you would appreciate, any model is only as good as the data we put into it. We are getting as much data as we can.

Ms WILKIE: We are looking at all of that stuff but we do not have hard answers; nobody has hard answers on that at the moment.

Ms ABIGAIL BOYD: I do not expect to get hard answers but I expect you to be preparing for the worst. Speaking of the worst, can we look at youth unemployment? Youth unemployment before COVID-19 was more than that of the double the rest of the population and we know that young people make up the majority of the casual workers. Workers in sectors like retail and hospitality have been really hard hit. Do we have any visibility on the rate of youth unemployment in New South Wales at the moment?

Mr WALTERS: That approached 14 per cent in yesterday's numbers. So you are right: We know that younger people typically are exposed to casual jobs and also part-time jobs. We know that the fall nationally—there are far more part-time jobs lost than full-time jobs. That reflects the fact that there were a lot of hospitality, retailing, accommodation, arts and recreation-type roles lost, many of which are part-time in nature, casual in

nature and also employ younger people. I was not surprised at all that youth unemployment rose a lot. That is the nature of this crisis that we are facing: The type of jobs that have been lost are those that are typically held by younger people in a part-time or casual role.

Ms ABIGAIL BOYD: What about the numbers in terms of hours worked? What was the reduction like for the youth?

Mr WALTERS: We do not get those numbers for youth in terms of hours worked. The only "hours worked" measures we get are across the entire workforce. We know that nationally there was a 9 per cent drop in hours worked last month. That is the biggest drop in hours worked we have ever seen. Just to clarify that, that is not those that have just gone further into underemployment; that is across the entire workforce. That takes account of people who were working more hours, it takes account of people working the same hours and those working fewer hours. In New South Wales that was slightly higher—9.2 per cent, so similar. I think this is probably going to be a recurring theme as we get these employment numbers each month that unemployment will be going up. I have mentioned 10 per cent, as the Commonwealth and Reserve Bank forecast. That seems about where we are headed in New South Wales, as I said earlier. But I think what you will see is an even larger decline in hours worked. People will retain employment but will be working fewer hours. To give you a benchmark there, the Reserve Bank's forecast—and they, as I said earlier, have produced a detailed forecast—they are expecting a 20 per cent drop in hours worked in the current [inaudible]. Yesterday we saw a 9 per cent drop, so almost halfway.

Ms ABIGAIL BOYD: They are sobering figures and I think when I reflect back on the global financial crisis and the experience in Europe and many countries during that time where youth unemployment rose and did not nearly recover and has not recovered in some of those countries a decade on, obviously when young people become unemployed at an early stage, there is a knock-on effect to their future employment. What is the New South Wales Government doing to ensure that those young people have jobs to go to when this is over? Is there going to be a focus on young people?

Mr PRATT: That is really a question for the Government, Ms Boyd. I cannot answer that at this point in time. I know there is policy work is going on. I am sure the Government will take note of that.

Ms ABIGAIL BOYD: It is a shame that the Treasurer is not here to answer that question. Along similar lines is the last question that I have time for. I understand that the decline in hours worked has disproportionately affected working women. We have seen their hours drop by 11.5 per cent nationally compared with 7.5 per cent for men. Do you have any figures in terms of women unemployment and under-hours being less than pre-COVID for New South Wales?

Mr WALTERS: It is true that both in unemployment, the percentage of jobs lost and the percentage of drop in hours has disproportionately affected women. That is true. There are a couple of reasons for that. Women are more likely to have part-time roles. That is a fact in the statistics out of the labour force. Also, as I said earlier, the parts of the economy that have been affected are typically those areas that have a higher female participation. So it is true that there has been disproportionate impact on both women and youth.

Ms ABIGAIL BOYD: I will not ask the follow-up question because you will tell me that I need to the Treasurer that. I think that is the end of my time. I might leave it there, Mr Chair.

The CHAIR: Thanks, Ms Boyd, for very generously handing 20 seconds to the Opposition. Mr Secord?

The Hon. WALT SECORD: Mr Pratt, what date is NSW Treasury working towards for this year's budget?

Mr PRATT: Mr Secord, the Government has not set a date as yet but has announced that it will be towards the end of the year. The Commonwealth budget will be around October, as you know. The Prime Minister has publicly announced it. In terms of good budget process, it is important that we follow the Commonwealth budget because obviously we extract a lot of important data from that budget, principally revenue, GST-related and so on. It is also important that we get as much experiential data. We arrive at actual data over a period of time to maximise our certainty around forecasts. It will be towards the end of the year. I am not sure when the Treasurer will [inaudible] on that. That is his decision.

The Hon. WALT SECORD: On the issue of monthly statement, the March monthly statement is the most recent. When will we expect the April monthly statement? Should it be out now?

Mr PRATT: It is being worked through right now. I would expect it very shortly. The reasons for the delay—I know you appreciate this—with agencies working through a lot of COVID issues, it has been concerning about their ability to produce the monthly data as we would normally do in the time frame. The requirement, as

you know, is 30 days after the end of the [inaudible] period. The March data is up. We are working now on the April data but there are 150-odd agencies of government that need to prepare all their data. In the midst of addressing COVID. that has been challenging but I expect it will be up very shortly.

The Hon. WALT SECORD: Shortly. Okay, thank you. There was a report that we received last month on Standard and Poor's [S&P] revising the New South Wales and Australian economy outlook from "stable" to "negative". Have you had meetings or discussions with S&P since then?

Mr PRATT: We have had a brief discussion with both of them, to my knowledge. There is an ongoing dialogue with Treasury with the rating agencies. As you rightly pointed out, the rating agency, Standard and Poor's, changed the Commonwealth's rating from "stable" to "negative" but left it at triple-A overall. We follow that rating. We cannot be rated, as a sub-sovereign, higher than the sovereign. At that point, when that change was made, we also moved to a "negative" watch. We are having regular discussions with them, yes.

The Hon. WALT SECORD: You referred to S&P. What is the situation with Moody's?

Mr PRATT: There is no change at this point, Mr Secord. I am not aware of any plans for change in our discussions with them at this point. It is important to note that the Government is still enjoying a triple-A rating. At this point I expect the rating agencies will monitor us over the next six to 12 months. What they want to see is discipline in fiscal management. They want to see the continuation of a strong balance sheet. We will have this ongoing dialogue with them, but that is this point there is no change.

The Hon. WALT SECORD: Does NSW Treasury have access to reports on the Australian and New South Wales economy involving Fitch, which is the third ratings agency?

Mr PRATT: I am sure we do. I do not see Fitch's reports myself but I wonder if Mr Walters does.

Mr WALTERS: I do not either, Mr Secord, no.

The Hon. DANIEL MOOKHEY: I just have one follow-up question arising from my colleague's line of questioning. The standard period between a Commonwealth budget and a New South Wales budget is generally five weeks, I think. Is that still the indented gap, regardless of the Commonwealth or do you think you are going to need more time?

Mr PRATT: I really cannot answer that, Mr Mookhey. It will be a decision for the Treasurer.

The Hon. DANIEL MOOKHEY: I understand. I move onto another subject, which is the employee expenses aspect of the New South Wales budget? Has the Government asked Treasury to prepare advice on changing the wages policy?

Mr PRATT: Yes, it has.

The Hon. DANIEL MOOKHEY: What advice have they asked you for?

Mr PRATT: I might just add, Mr Mookhey, it is obviously not just wages. We are obviously looking in detail at our whole fiscal approach across all expenses.

The Hon. DANIEL MOOKHEY: But I am just interested in the wages dimension of that, Mr Secretary.

Mr PRATT: No, I appreciate that. Wages [inaudible] is 46 per cent of their expense line. It is a very important aspect of their expenses. Yes, we have been asked to do some work that is being done currently for the Government. They are looking at that matter.

The Hon. DANIEL MOOKHEY: What have they asked you to do, Mr Secretary?

Mr PRATT: They have asked us to review the current position. There have asked us to look at a number of different options. We are currently doing the costing work on those options.

The Hon. DANIEL MOOKHEY: Which options have they asked you to look at, Mr Secretary?

Mr PRATT: I am not at liberty to talk about those options, Mr Mookhey; they are Cabinet-in-confidence.

The Hon. DANIEL MOOKHEY: One aspect that has surfaced in the public debate has been for the wages or policy to be adjusted from a 2.5 per cent increase to 0 per cent increase for 12 months. Are you able to confirm that that is one of the options you are looking at?

Mr PRATT: No, I am not.

The Hon. DANIEL MOOKHEY: Another one that has floated in the public domain is that there would be a reduction in wage from 2.5 to zero for the next two years. Is that an option that you have been asked to look at?

Mr PRATT: I cannot comment on specific options, Mr Mookhey.

The Hon. DANIEL MOOKHEY: I am not going to ask you what the budget impact is because you have that in the budget paper every year, so please keep that up as well. But what I am interested in is whether you are having a look at the economic impact of a reduction in the wages policy from 2.5 to zero on household and consumer spending?

Mr PRATT: Any wages policy that we put forward to the Treasurer and the Government clearly has a degree of rigour and analysis, including economic analysis around it, yes.

The Hon. DANIEL MOOKHEY: So do you accept that there is a link between the wages policies of all employers and household spending, including the New South Wales Government?

Mr PRATT: Yes, absolutely.

The Hon. DANIEL MOOKHEY: And do you accept that in a recessed economy when households spend, economic activity needs to lift?

Mr PRATT: Yes, I do. But I guess it is a question of a balance in all these matters, is there not, because you have the economic challenge but at the same time you have the fiscal challenge and, to Mr Secord's question, you have rating agencies, who are wanting to see strong fiscal management. With all these things, there is never a black-and-white response, I would suggest, Mr Mookhey. It is a question of what is the most preferred option in those circumstances.

The Hon. DANIEL MOOKHEY: Look, of course, Mr Secretary. I agree with you. The entire economics profession is built around being able to provide different options and different scenarios. I do not disagree with you at all, but I am asking if you accept that adjustment to a zero per cent wage policy that was to be adopted by all employers in Australia would, for example, have an economic impact?

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Mr PRATT: One would assume that it would worsen spending, yes. On the other hand [inaudible] again more fiscally in terms of that outcome. There are [inaudible] that we are working on.

The Hon. DANIEL MOOKHEY: Can I put to you a couple of views that have been put by various economists on this question and ask you your response? Richard Holden, who is a professor of economics at the University of New South Wales, speaking about the prospect of the New South Wales Government adjusting its wages policy from 2.5 per cent to 0 per cent for the next 12 months, says, "Cutting back on public sector wages would counter government efforts to boost the economy." He goes on, "The last thing you want to be doing as a government, which can borrow cheaply during this kind of downturn, is the opposite of stimulus, which is what cutting back on public sector wages would be doing." Does Treasury agree with Professor Holden in that respect?

Mr PRATT: I will get Mr Walters to comment, but I just make the comment that you cannot look at these things in isolation. I commented on that earlier. I have not seen his commentary, but, Mr Walters, did you want to comment on it?

Mr WALTERS: Mr Mookhey, nor have I seen Mr Holden's analysis either, but, as Mr Pratt said, there are choices that have to be made about the way public sector funds are deployed and not all spending or payments by a government in an economy have the same economic impact. So as a general point, yes, obviously if you are giving someone more income their spending may go up, but there are other priorities across government and that is a choice for government to make, a decision government has to make.

The Hon. DANIEL MOOKHEY: I accept the logic of what you are saying there, Mr Walters, and I understand that it is a question for government ultimately to adjust for these priorities, but you, as the leading advisers to government, you accept that there is a trade-off between if the Government was to privilege the state of the budget, that may not have an impact on the state of household spending, which is really the core of it. We are not asking you to take a policy position in this debate; we are asking you to provide a view as to what you think the State's base scenario is. If the Government was to decide that the importance of budget consolidation takes precedence over household spending they would drop the wages policy, but if they were to privilege a view that the obligation is to stimulate the economy they would maintain the wages policy. What I am asking you is can you work around the economics of both scenarios?

Mr WALTERS: I do not agree with the premise of what you said. It is not a choice of budget consolidation or paying more wages. You can still be implementing different policies and end up with a less consolidated budget position. One does not follow the other.

The Hon. DANIEL MOOKHEY: I am going to put to you the view now of another economist and I will ask you to respond to that as well. Danielle Wood, who is an economist at the Grattan Institute, said, "In the short term the economy will be extremely weak and governments should be thinking about how they can support demand. Cutting back now is exactly the wrong answer." Do you want to reply or provide any views on that?

Ms WILKIE: Cutting back what?

The Hon. DANIEL MOOKHEY: Wages, public sector wages. "Exactly the wrong answer" is the view that has been put forward because it will have an impact on household spending at a time when we would like households to be spending so businesses can resume trading, so they can resume employment. Do you have a view?

Mr WALTERS: I have not seen Ms Wood's work either so I cannot specifically comment on what assumption she is making, but [inaudible].

The Hon. DANIEL MOOKHEY: Yes, that is [inaudible], I accept that. We will move on.

Ms WILKIE: The interest rate costs we have seen over the past few [inaudible] would be put to pay down debt and save rather than to increase consumption of wealth. So there are a number of different variables.

The Hon. DANIEL MOOKHEY: I accept that there are a number of different variables here; I am just particularly getting at what advice has NSW Treasury provided the Treasurer as to the impact on households should one of Australia's biggest employers cut its wages policy, that is all. If you want to add anything please do.

Mr PRATT: I cannot talk about the various options, as I have indicated.

The Hon. ADAM SEARLE: Mr Pratt, can you tell us whether there is a time frame for those options to be considered?

Mr PRATT: Look again, Mr Searle, that is to the Government. I cannot answer that question. I have concern that we are looking at it, but it will be the Government to determine that time frame.

The Hon. WALT SECORD: Mr Pratt, on the weekend we saw—and I welcomed it and so did my colleague the Hon. Daniel Mookhey—the easing of restrictions on auctions and inspections. What was the impact or response to the easing of restrictions last weekend?

Mr PRATT: I will get Mr Walters to give you the numbers, but we did see an increase in New South Wales over the weekend. Whether that was directly the cause or not I cannot say. But Mr Walters has some numbers.

Mr WALTERS: Yes. Until the easing of those restrictions online auctions were the only viable alternative, as well as inspections. Since they went to restricted in-person for both auction and inspections the auction clearance rate went from about mid-thirties—in other words, only one in three auctions were successful—to just over 60 per cent; so almost a doubling. Mr Pratt indicated that could have been caused by something else but [inaudible] there is an impact of lifting those restrictions got more people out looking and inspecting homes and actually participating in auctions.

The Hon. WALT SECORD: Sorry, there was a little bit of an audio glitch there. Did Mr Pratt want to add or make an observation there?

Mr WALTERS: I was just referring to something Mr Pratt said earlier, that it could have been caused by other factors as well.

The Hon. WALT SECORD: What would those other factors be?

Mr WALTERS: We do not know. It could have been the lifting and optimism generally. We knew consumer confidence went up strongly this week because other restrictions were lifted. I think it is a reasonable assumption to make that lifting the restrictions allow people to be more active in the housing market, both in inspections and participating in auctions.

The Hon. DANIEL MOOKHEY: Mr Secretary, I want to turn to another matter. My colleague made a reference to this earlier this morning, the Premier's comment that she expected the budget to be a \$9 billion

deficit and I think you may have confirmed that in your opening statement but I may have heard you wrong. Is that for this financial year or for the coming year or the calendar year? What period of time are we talking about?

Mr PRATT: I have not heard the Premier's quote. I was just responding to what Mr Secord asked, which I [inaudible], but I thought the question was a \$9 billion reduction in revenue over the next two years.

The Hon. WALT SECORD: She did. She said that at the press conference; on ABC radio she said there was a \$9 billion reduction in revenue.

The Hon. DANIEL MOOKHEY: Okay yes, so minus that.

Mr PRATT: I was [inaudible] that to be correct, yes.

The Hon. WALT SECORD: So March 2020 the monthly statement said that [inaudible] had a \$320 million surplus. So if we have had a \$9 billion loss in revenue are we now in deficit \$8 billion? What is the current deficit?

Mr PRATT: It is not as simple as that, as you would appreciate. If we simply took the proposed forecast surplus this year in the half-year numbers of \$702 million, each of us can do the back-of-the-envelope calculations in terms of packages that we put out around expenses in addition to the half-year related to COVID. You could also look at revenue forgone, with announcements that have been made; you could look at revenue deferred. Accordingly, you end up in a significant deficit as a result of that. But there are so many moving parts right now I cannot give you an exact number on what that will look like at this time.

The Hon. DANIEL MOOKHEY: Again, following the logic of what you just said, Mr Secretary, a \$9 billion downturn in revenue would take projected revenues from \$84 billion to the end of financial year, mid-year, June position down to \$76 billion, with the additional spending. We are looking at a deficit that is certainly looking at this point in time to be circa somewhere between \$8 billion to \$12 billion. Is that, as a range, what we can expect?

Mr PRATT: I have just said that that is the back-of-the-envelope calculations if you look at both of those.

The Hon. DANIEL MOOKHEY: I am not critical of it.

Mr PRATT: There are many moving parts. I am not going to be quoted on a number today, Mr Mookhey, because we just do not know at this point. Inland revenue is over two years.

The Hon. DANIEL MOOKHEY: Yes, I get that. That is important; I accept that too, but do you anticipate the budget to return at any element of balance over the forward estimates?

Mr PRATT: Again, I am not trying to avoid your question; we just do not have that degree of information.

The Hon. DANIEL MOOKHEY: But it is not unreasonable to assume that it will not, unless there are major policy changes.

Mr PRATT: The biggest challenge, which I am sure Ms Wilkie will have a view on, is trying to get accurate forecasts of revenue, which is extremely difficult, which is why my response to your earlier questions about timing of the budget. It is really important we get Commonwealth revenue numbers and it is really important we get as much of our own data as possible. That is the difficulty we have at the moment.

The Hon. DANIEL MOOKHEY: I accept that, but the Commonwealth—

The CHAIR: Mr Mookhey, I am sorry, your time has expired. We will pass over to Ms Boyd.

Ms ABIGAIL BOYD: I just wanted to start with international students. There are 400,000 international students enrolled in Australia and around 36 per cent of them are enrolled in New South Wales—around 145,000. What is the economic benefit of international students in New South Wales? How much do they contribute to the economy?

Mr PRATT: I will get Ms Wilkie to check that, but it is our number one service export, as you would be well aware—number two overall—and it is critical to the New South Wales economy. I think, from memory—I will get this number checked—the last number I saw was around about \$12 billion. It is very significant. Is that correct, Ms Wilkie?

Ms WILKIE: Yes.

Ms ABIGAIL BOYD: I have been very concerned to see a lot of international students being filmed lining up for food handouts and really struggling because they have lost their casual and part-time income like so many others. Other States have committed really significant funding to their international students to help support them. Victoria, which has a similar number of international students, has pledged \$45 million to support them; South Australia, \$13.8 million, even though they have a much more reduced number; Tasmania, \$3 million; Queensland, \$2 million; the ACT, almost half a million. However, in New South Wales, it is my understanding from what I have read, that there is zero targeted support for international students or other visa holders. What plans are in place to support international students given how vital they are for the economy?

Mr PRATT: It is a good question. As we have worked through responding to sectors and the various packages the university sector is the one that we have not done yet, to your point, but a lot of work has been done on it. I have been talking regularly with vice-chancellors; I had a phone hook-up on Friday with vice-chancellors of universities in New South Wales. We have got a lot of feedback from them. So you will hear something very shortly on this—I would expect next week. Two packages went to the Expenditure Review Committee yesterday and were approved and they will deal, I suspect, with a lot of the questions you might have in this area. I would expect next week at some stage the Treasurer and the Premier will announce those.

Ms ABIGAIL BOYD: Thank you. That is positive news and good to hear. Has that been developed in discussions with universities and techs?

Mr PRATT: Absolutely, very much so, yes, which is why, to your question, there has been some delay, because I wanted to ensure that we were addressing the right things.

Ms ABIGAIL BOYD: Do you think that delay has impacted Australia's reputation in relation to international students?

Mr PRATT: It is very hard to put a judgement on that. I mean, to your point, it is not a good sign to see international students lined up, accommodation challenges, food challenges, have lost their job et cetera. I fully agree, and no doubt some of that is going back home to wherever that might be. But when we do announce, I think this will address—in fact, I am confident it will address a lot of these issues.

Ms ABIGAIL BOYD: I really hope so, thank you. Before the COVID-19 crisis, statistics that I have read from organisations such as the NSW Council of Social Service were saying that around 13.3 per cent of all New South Wales people are living in poverty. Do you have in the current statistics how many people would now be living in poverty in the midst of COVID-19?

Mr WALTERS: I do not, Ms Boyd, I am afraid, no.

Mr PRATT: We could come back to you, Ms Boyd, on that. We do not have that data with us, sorry.

Ms ABIGAIL BOYD: Along with the rise in unemployment, which, as you say, you would expect to be quite significant for some time, and granted that we do not know what the exact impact in terms of unemployment will be because we do not quite know what the time line is going to be for recovery, unemployment goes hand in hand with increased homelessness. Has there been any analysis done as to the expected increase in homelessness and are there any plans in investing in social housing?

Mr PRATT: I will get Ms Wilkie to find the numbers, but part of the packages that we have announced is a quite significant investment in social housing. We will get those numbers for you and then we can give you the detail.

Ms WILKIE: Part of the first support package included measures for homelessness. Between 1 April and 13 May, some 6,000 people have been provided with temporary accommodation. About 1,000 of those were rough sleepers and about just under 300 of them are rent choice packages that have been provided to vulnerable households seeking tenancies on the private rental market. We have been targeting as part of that package having temporary accommodation for 600 rough sleepers and we have over-subscribed on that, which is a good outcome, and there were 500 refuge packages and there is still space, I guess, for that, for further to be done in that space. That package has had good uptake. There is further work going on at the moment. As you said, the increase in unemployment will inevitably have an impact on poverty, homelessness and other issues like domestic and family violence. So there is work going on at the moment to understand about what the increase in service requirements is likely to be and advice will be provided to the Government on what we need to do or what recommendations in that space are.

Mr PRATT: I just add that there is also a chattel investment—this was in two areas. In Aboriginal housing stock \$305 million has been allocated to roof replacements, installation of security screens, hydro and

power et cetera. Then more broadly in social housing infrastructure there is \$47 million this financial year for maintenance works. To date, nearly \$6 million of that has been spent and 211 dwellings have been repaired or upgraded.

Ms ABIGAIL BOYD: All of that is good news—it is always good that we have investment in any level of social housing, but given that there were, did you say, 16,000 rough sleepers that found temporary accommodation and the figures I am reading are anticipating basically a doubling of the number of homeless people in New South Wales if our unemployment rate effectively doubles, what is being done to invest in more housing stock? I guess two questions; one is what happens to people once their temporary accommodation option runs out after COVID? Presumably they are put back on the street. Secondly, are there plans to actually invest in new housing stock?

Ms WILKIE: Those are issues that are being actively looked at across government at the moment and, as I just said before, advice will be going to government shortly on those.

Ms ABIGAIL BOYD: So when will we know more about that?

Ms WILKIE: That is up to the Government to determine after they have considered those issues and made decisions on them.

Ms ABIGAIL BOYD: When do those temporary housing arrangements run out? Is it when the hotels decide that they can get people to pay for rooms? Is this the hotel room thing?

Mr PRATT: We have the data on that.

Ms WILKIE: I think it is June/July, but I do not have the exact date with me. The transition issue that you mentioned is one of the things that is being looked at at the moment.

Ms ABIGAIL BOYD: Being chucked back out on the street in the middle of winter is obviously pretty grim and I am sure those people are keen to find out what is going to happen to them.

Mr PRATT: Do you want me to come back to you—

Ms ABIGAIL BOYD: Sorry, I think my time is up. I will go back to the Chair.

The CHAIR: Mr Pratt, did you say you would be able to come back with some further information to answer that question from Ms Boyd?

Mr PRATT: Yes, we will, Chair.

The CHAIR: Mr Pratt, New South Wales is the largest employer in the country, is it not?

Mr PRATT: Yes, it is.

The CHAIR: Do you know how many people are employed by the State of New South Wales, as best you can, the most recent figures you have?

Mr PRATT: I do not have the up-to-date figures with me, Chair, but, as I understand it, it is in excess of 400,000. That entails all front-line as well, so that is police, nurses et cetera—that is the total workforce.

The CHAIR: The figure I had was about 469,000 employees in New South Wales. Would that be about right?

Mr PRATT: That sounds a little high to me. I understood it was around 400,000 to 420,000, but we can get that number for you.

The CHAIR: I would appreciate that. What proportion of those employee numbers are affected by the wage cap policy?

Mr PRATT: A large proportion would be. They would all have awards coming up at various stages; not all are due on the same date. But, again, that is a question that we should put to industrial relations; I cannot give you the detail on that.

The CHAIR: To the extent that there are existing award entitlements entrenched for a pay rise going forward, does the Treasurer have the capacity through his wage setting powers to prohibit or, in fact, reverse those entrenched pay rises that are contained in existing awards?

Mr PRATT: I do not have that information, I am sorry.

The CHAIR: The most obvious case would be teachers. In questioning with the education Minister this morning, when we asked about that very question she said to refer that question to you this afternoon, Mr Pratt, so that is good news for you. So teachers have an entrenched award entitlement for a pay rise. Is there a capacity, without going back to the Industrial Relations Commission for the Treasurer to revert that pay rise through wage control measures that the Treasurer had?

Mr PRATT: I would have to take that on notice. We do not have control of industrial relations within Treasury; I think you may be aware that sits with Premier and Cabinet and they would be the people addressing the various powers and controls on those issues. But I am happy to take it on notice on their behalf if you wish me to.

The CHAIR: I would appreciate that. Mr Pratt, do you accept that if the New South Wales Government, as the largest employer in the country, imposes a wage freeze, that that is going to have a very real and negative effect on overall demand in the economy?

Mr PRATT: We have addressed that earlier, Chair, to Mr Mookhey's questions. As a principle, I think the three of us here have agreed with that, but, as has also been pointed out, one cannot assume that any increased wage power goes into consumer spending; it will go into paying down debt. I would think significantly in this environment a lot of people will look at debt clearance. So I cannot specifically answer that, but directionally, yes, I agree.

The CHAIR: Have you got figures as to what the cost of a 2.5 per cent wage increase would be to the NSW Treasury and, therefore, figures about what forgoing that would mean as a bottom line budget saving?

Mr PRATT: No, I do not have it with me, no.

The CHAIR: Would you be able to provide those on notice?

Mr PRATT: Yes.

The CHAIR: Is that a yes? Sorry, Mr Pratt, I did not hear.

Mr PRATT: Yes, we can.

The CHAIR: Can you indicate what kind of figures we are talking about in a State budget that is in the order of \$80 billion? Are we talking about a \$2 billion, \$3 billion saving? What is the quantum? What ballpark are we in?

Mr PRATT: Again, Chair, I really cannot answer any detail of that, as I have indicated earlier with Mr Mookhey, because that is with Cabinet at this point.

The CHAIR: I am not asking about the policy; I am just asking about what the cost to Treasury is of a 2.5 per cent wage increase. Surely, pre-COVID those sorts of figures would have definitely been to your fingertips.

Mr PRATT: I do not have them with me. I could certainly get them for you. I am happy to take it on notice, but I do not have them with me, no.

The CHAIR: You said there is a series of productive conversations, as I understood it, with vice-chancellors. Can you indicate which vice-chancellors those conversations were with?

Mr PRATT: They have been with them one-on-one over a period of probably four or five weeks now, but also in small groups, also with—you may be aware Paul Wellings is the vice-chancellor [VC] at Wollongong and is the chair of the university group in New South Wales. So we have had numerous discussions with him as chair. Then on Friday night I gave a Skype such as this; I think 10 VCs were involved in that together.

The CHAIR: And that would have included, obviously, Wollongong. Did it also include Western Sydney, the University of Technology Sydney and the University of New South Wales in Sydney?

Mr PRATT: Yes, it did.

The CHAIR: Can you indicate what regional universities were also included in that?

Mr PRATT: I would have to check for you, but I think all three were represented. We are very careful to make sure that we get a total New South Wales view, not just a City of Sydney view. So we have been having a good example of what I mentioned earlier, we have been having one-on-one specific meetings with universities for that reason, including the regionals.

The CHAIR: Was it an assumption in the conversations you were having that the package negotiated between the National Tertiary Education Union and Universities Australia would be accepted by universities in New South Wales?

Mr PRATT: It was not discussed in that forum.

The CHAIR: Can you indicate whether or not in addition to potentially financial measures directed at universities the Treasury has costed financial measures to give direct relief to international students?

Mr PRATT: Sorry, can you repeat that?

The CHAIR: In addition to measures that are directed to giving potential financial relief to the universities themselves, has Treasury costed options to give direct financial assistance to international students, given the level of need, as articulated by Ms Boyd?

Mr PRATT: Yes, we have been looking at a range of options, as I have indicated. You are probably no doubt aware that international fee income in the overall operating state of our New South Wales universities is in excess of 30 per cent of their total income. So they are very dependent on that revenue, and the work we have been doing is how do we best underpin that in terms of supporting the universities on the basis that we carry them through a period where potentially they need international fee income returns? They are some of the things that we have been looking at.

The CHAIR: Thank you, Mr Pratt. I understood from comments that have been made by the Treasurer that there are a number of options being looked at in terms of liberalising the economy, supporting new industries and start-ups. Is that right?

Mr PRATT: We have just started work on a program of what we are calling "recovery". We have been really looking at this work on COVID to date under what I would call "response"—so how do we immediately respond to the needs of what we saw? We are now looking at recovery as the next phase of work and in that, for example, we are looking at what projects we can get ready to go to market, so-called "shovel-ready" if you like. We are looking at other opportunities to speed up investment to not only retain but create jobs, so that is in the mix right now and that is the work that we are doing.

The CHAIR: Mr Pratt, are you looking to put ideology aside and get rid of some longstanding debates perhaps and look at opening up and liberalising fresh industries that are billion-dollar industries in countries like the United States. The two industries that I would put on the table are the hemp industry and also legalising cannabis which, as we know, provides hundreds of millions of dollars to State treasuries in the United States and is now a multibillion-dollar economy in the United States. Are you willing to look at overcoming those ideological wars and look at those options?

Mr PRATT: As you would appreciate, Chair, I am a servant of the Government. I will do what the Government at the time asks me to do. I am not directly looking in those areas but if I was asked to do it, yes, I would. But I would suggest to you that directionally I think there is—and it goes partly to Ms Boyd's earlier question—I do think we are going to see a very significant digital shift in the economy and I think any government would be wise to look at that specifically in terms of future investment direction.

The CHAIR: Thanks, Mr Pratt. Some people have suggested if we had legalised cannabis before this, some of us may have had a more chilled out lockdown. Do you agree with that proposition?

Mr PRATT: I cannot comment on that, Chair.

The Hon. WALT SECORD: In the last bracket of questions from Ms Boyd, Ms Wilkie made reference to spending on homelessness and programs like that. How much is being spent on quarantining people in New South Wales at the moment?

Mr PRATT: Let us see if we have got that, Mr Secord.

The Hon. WALT SECORD: I noticed that Ms Wilkie was reading from a sheet of expenditure.

Mr PRATT: Yes. I am not sure those numbers are there. I am just checking.

Ms WILKIE: We have support package numbers with us but quarantining is not technically considered part of the support package.

Mr PRATT: No. I think we will have to come back to you. If I could take that on notice, Mr Secord?

The Hon. WALT SECORD: Okay, thank you.

The Hon. DANIEL MOOKHEY: Can I pick up another one? You would be aware that—

Mr PRATT: —with the governments is that the New South Wales cost would be for all New South Wales residents but the arrangement in each State is that the Government of the State pays for all re-entry and then gets reimbursed by other States for those who are not resident in that State.

The Hon. WALT SECORD: Thank you, Mr Pratt.

The Hon. DANIEL MOOKHEY: One measure that was taken by the National Cabinet early in the crisis which was to join, effectively, the private health system to the public health system to allow us to maximise capacity. At the time it was reported that the cost of that was \$1.3 billion and that the States would be paying half. How much of that is New South Wales having to pay?

Mr PRATT: I do not think we have a number I can give you, Mr Mookhey, but the arrangement is that private hospitals' future COVID treatment will be met equally with State and Commonwealth. So it is related to future COVID treatment in private hospitals.

The Hon. DANIEL MOOKHEY: Okay, and what about the shift of elective surgery, or otherwise, to private hospitals that was also announced by the New South Wales Government, or at least flagged? Do we have a cost yet on that?

Mr PRATT: This is future elective surgeries?

The Hon. DANIEL MOOKHEY: Yes, well, whatever capacity we are currently paying for in the private health system which is additional to what we were paying for before COVID. I want to know exactly what it is and how long it goes for.

Mr PRATT: Maybe I could just attempt to explain the agreement. It might help. The agreement with the Commonwealth is that any other surgery going on in private hospitals, in terms of their own operating statement, is for them, but then follows any capital procurements that are made and the Commonwealth can subsidise that component if there is to be a loss. We are not involved in that by way of cross-subsidy.

The Hon. DANIEL MOOKHEY: The 50 per cent component does not cover the loss aspect?

Mr PRATT: No, the 50 per cent is purely COVID-related, COVID treatment in private hospital.

The Hon. DANIEL MOOKHEY: You have clarified that. Thank you, that was quite helpful. Can I return to the surplus budget deficit change? In the last round of questioning I think we established that it is not inconceivable that the result will be circa somewhere between \$8 billion and \$12 billion deficit, which is, depending on where you fall, a \$9 billion to \$13 billion reversal from the position that we were in before. I do not think we ever got to the bottom of whether or not you think that within the forward estimates period there will be a return to balance, a natural return to balance, absent any other policy choices by government. Is that a reasonable assumption?

Mr PRATT: Well, it is work in progress. I mean it really depends on what the Government determines to do firstly on its [inaudible] management and both of you have raised wages policy with me today. But also, more broadly, I do expect that government will continue to digitise the way it interacts with citizens. I expect there will be significant cost savings on the back of that, and a range of other things on the cost base that we should be looking at. On revenue, I will get Ms Wilkie to talk to that but that is even more of a challenge—trying to forecast where revenue will be over the next four years. Our big revenue lines of GST, stamp duty is very difficult. Ms Wilkie, did you wish to comment on that?

Ms WILKIE: Mr Mookhey, as I understood your question—if we make no other policy changes would the budget return to surplus on the forward estimates—is highly dependent on how the [inaudible] grows and therefore what happens to the revenue lines. It is almost a truism for an economist in fiscal policy that in an economic downturn or a recession, the automatic stabilisers come into play, so your revenue falls as economic activity falls and your expenditure rises because your unemployment benefits have rocketed. It is more of an issue for the Commonwealth Government, given our constitutional responsibilities, but it does still impact the State Government. So, obviously, a fall in economic activity means the housing market comes off so we are getting less stamp duty, payroll tax comes off as employment falls and we also mentioned that there is other remedy through other revenue lines. So what happens—

The CHAIR: Ms Wilkie, you should not feel afraid to speak more loudly. It can be a little tricky hearing you sometimes. Mr Mookhey and Mr Secord, if Ms Wilkie or the Treasury are speaking, it would assist if you could make sure you are on mute.

Ms WILKIE: Do you want me to repeat any of that answer?

The Hon. DANIEL MOOKHEY: No, I think I got the gist of it. There was a slight delay which made me think that maybe you had concluded. I apologise again. I was not trying to interrupt. You would agree with me that it is not preferable for the governments to try to stop the automatic stabilisers from functioning?

Ms WILKIE: That is usually the advice of economists, yes—to allow the automatic stabilisers to function.

The Hon. DANIEL MOOKHEY: Should returning the budget to balance within the forward estimates be an economic goal of New South Wales?

Ms WILKIE: Not necessarily. Mr Walters, as the chief economist, can probably provide you with a more economic answer on that. My focus as an economic policy advisor at the moment is returning the economy to growth and to a healthy economy. That is the focus that I have in the advice that I provide. Whether that means—so if we get the economy going again, as I have already said, revenue will have gone back up. That may, indeed, bring us back to surplus or at least break even over the forward estimates.

Mr PRATT: Mr Mookhey, that would probably be a decision for policy of government. The Government has been running a policy, as you are aware, of operating surpluses. Certainly from a rating agency perspective, regardless of where we land to your question, they will look for a pathway to improvement. So whilst triple-A might be questioned, what they will fundamentally look for is what is the Government's attitude and discipline around improving the operating position of government.

The Hon. WALT SECORD: Mr Pratt, you said a pathway to improvement rather than an emphasis on a surplus?

Mr PRATT: I cannot answer that for government, Mr Secord. That is their decision. All I am anticipating is that a rating agency will look at the way the Government is managing their operating statement. That will be a key factor for them.

The Hon. DANIEL MOOKHEY: Mr Walters, I think you were being given the opportunity to expand on Ms Wilkie's advice; that is the question as to the economic imperative now, which is whether or not the budget should be set to return economic growth as fast as possible or whether or not the budget should be set to return to balance as fast as possible. Do you want to provide any views on that?

Mr WALTERS: My economics perspective would be, as Ms Wilkie said, you get the automatic stabilisers work. There is a role for government in supporting [inaudible] demand growth in the economy when the private sector is suffering, which is the case right now. Whether government returns to surplus over time is a policy decision for them.

The Hon. DANIEL MOOKHEY: Thank you. Can I just close off this discussion? Ms Wilkie, you were making some references to various aspects of the revenue base, that is the New South Wales revenue base. You have mentioned your views as to the unpredictable nature of GST, payroll tax, stamp duty. I presume that, given that we have suspended—well, in large part—gambling in the State, you would expect a downturn in gambling and racing taxes. I presume you think that fines revenue might well be stable, or otherwise. I would like to hear your views on what you think [inaudible] for that is. Can I also ask your views as to the impact on land tax and also on the sale of government goods and services, which is, predominately, according to the budget papers, transport revenues? Do you want to give us your views on those other sources of revenue? And, incidentally, if we are doing it, let us cover some royalties too and dividends.

Ms WILKIE: So, gambling, yes, we definitely expect—we are doing the economic forecasting round now. We have to do the economic forecasting round before we can do a full revenue forecasting round. So we have not started the revenue round yet because we have not finished the economic round but based on earlier work that we had done, yes, we expect gambling revenue to come down, we expect fines to probably come down a little bit, which is as much based on the fact that people are not moving around as much so there are not as many people getting fined, but also we would expect—the forecasts we make always take into account what proportion of hardship applications there might be and where fines might be waived if people are in hardship, so we would expect, even if there were the same number of fines being given, that we would not necessarily collect all of that revenue. In terms of—

The Hon. DANIEL MOOKHEY: Land tax?

Ms WILKIE: Land tax, I mean it is small so, again, because transactions are likely to be down that is probably going to be down as well but that is one of the ones that we—it is not one of our major revenue lines so

we have not looked at it closely outside of the forecasting round we are about to do. And then for royalties, I mean that is dependent on prices as well as volumes. Volumes have been holding up but it is unclear. I mean that is going to substantially depend on what happens with some of our purchasing notions and that sort of thing so that one is usually fairly tricky to determine which way it is going to go so, that one, we are still looking at, or going to have to look at, quite closely. Sales of goods and services—public transport revenue is significantly down given the significantly reduced numbers of people on public transport. I think it is down 75 per cent so that revenue will also be significantly reduced. And dividends, I am assuming, will be—

Mr PRATT: Will be significantly down too.

Ms WILKIE: —significantly down too.

The Hon. WALT SECORD: Thank you. Earlier, Mr Pratt, in response to an earlier question you talked about recovery and response, and you mentioned the phrase "team". What is Treasury doing in the recovery response phase?

Mr PRATT: The response phase was largely what we have put in place and that is contained in this brochure, Mr Secord, that you may have seen that we have put out. That is what I call respond in terms of the package releases that we have done over the past six or seven weeks. In addition to that I have put the university piece that we talked about earlier in that respond phase as well. We are largely done, I would argue at this point, with that. Recovery goes to, really, the core of the questions you are both asking around what does that look like from a fiscal position and then what are the drivers to help that recovery, and so, therefore, we have started work on looking at a number of opportunities to do that. Very early days yet on that but recovery, getting our minds around what we need to do now to get the State back in a position more broadly that we have come from, is a very important focus now. I proffered the example of a full review of looking at shovel-ready projects; how do we get those brought forward and start to invest in those areas to again stimulate economic activity and, of course, [inaudible].

The Hon. WALT SECORD: In response to an earlier question you talked about looking at bringing projects to market. What projects were you looking at—accelerating or looking into new areas of projects to market?

Mr PRATT: These are the shovel-ready projects that I am talking about, largely under \$100 million. There will be a large number of projects that we can accelerate. I am not talking major infrastructure. I am talking smaller projects. So this forwards questions, for example, on social housing. This is a very good time, for example, to do maintenance on social housing. It not only creates economic activity and jobs, but it is part of the Government's policy to address that so [inaudible] if you like in terms of alignment with government policy.

The Hon. WALT SECORD: Thank you, Mr Pratt, I am mindful that my colleague, Mr Mookhey, wants to ask a few more questions. What is happening with the scoping study involving the WestConnex privatisation?

Mr PRATT: That scoping study is underway and I am anticipating we will get that back by the end of this year.

The Hon. DANIEL MOOKHEY: Secretary, can we turn to the question of Virgin Airlines? The Treasurer has made public that the New South Wales Government is participating in the voluntary administration process in that it is determining whether it wishes to bid or to have anything to do with it. Yesterday we saw Queensland flag that it is prepared to either provide other financial incentives, guarantees, loans or take a direct equity stake. I am mindful of the fact that bids in that are closing in an hour, I think. Is it the case that New South Wales is prepared to adopt the same suite of measures that Queensland has adopted—that is, financial incentives, guarantees, loans or equity stakes?

Mr PRATT: Mr Mookhey, unfortunately, given the nature of the transaction we are talking about, I really cannot comment on that. That is [inaudible].

The Hon. DANIEL MOOKHEY: Has New South Wales agreed to enter into any consortium with anyone? Joining a consortium?

Mr PRATT: Are you talking specifically Virgin?

The Hon. DANIEL MOOKHEY: Yes.

Mr PRATT: Again, I cannot comment on that.

The Hon. DANIEL MOOKHEY: Okay. The New South Wales Government has appointed Mr Michael Carapiet as being the lead person here. I think he is the current chair of the icare board. How was he chosen?

When was he chosen? Was it a competitive process, or what process did you choose him, and how is he being remunerated?

Mr PRATT: As you may well be aware, he is a very experienced investment banker. His career role was investment banking and therefore he is very experienced in these matters that we are talking about. So he brought a lot of skill and capability to this transaction and to my knowledge he is not being remunerated.

The Hon. DANIEL MOOKHEY: How was he selected?

Mr PRATT: There were various names, I believe, that the Government looked at. I cannot talk in detail to the selection process but—

The Hon. DANIEL MOOKHEY: Was there a selection process?

Mr PRATT: The Government certainly looked at options, Mr Mookhey, but I am not a party to—I cannot talk to that. But what I would say is his name had a lot of support from me, given his background.

The Hon. DANIEL MOOKHEY: Sure. I am not disputing, by any measure, the expertise that he brings. I simply want to know exactly how was he selected and who else was considered?

Mr PRATT: I cannot say that, Mr Mookhey. I do not know.

The Hon. DANIEL MOOKHEY: But why not, Mr Secretary? This is an appointment by Treasury. Was it an appointment directly made by the Treasurer or was it made by you?

Mr PRATT: Well, it was made by the Treasurer but with various input from, I would think, different people. I mean this is a very significant transaction. It requires specific skills and he has those right skills so he got my support for those reasons.

The Hon. DANIEL MOOKHEY: I do not dispute that and, again, this is not to question at all the experience Mr Carapet brings. I remember he had a lot to do with the bid to buy Qantas by Airline Partners Australia when he was at Macquarie Bank. He knows the industry very well. What I want to understand is whether the Treasurer appointed him directly. Did he call him up? Is there a contract in place? What exactly have we got? What is the mechanism? How does this work? How long is the engagement for?

Mr PRATT: I would have to take that on notice and come back to you, Mr Mookhey.

The CHAIR: Mr Mookhey, your time has expired.

Ms ABIGAIL BOYD: I want to understand a bit more about the shovel-ready projects that we are hearing about. It was good to hear that that does not only include the high-profile projects. From what you were saying earlier, Mr Secretary, it also includes maintenance of social housing stock et cetera. Can I get an understanding from you as to how much of the proposed investments in infrastructure and other projects to stimulate job growth is in the big shiny projects and how much is in the more lower profile but really necessary improvements to infrastructure?

Mr PRATT: I might see if we can put some numbers on the below 100 but they are significant—below-\$100 million projects—and give you some numbers on that. I will just see if we can track that down but the total infrastructure project spend is \$97 billion. [inaudible] infrastructure. I guess important to note, related to my earlier comments, Ms Boyd, that is all physical infrastructure, be it transport or hospitals or schools. I would question, from where I sit now, whether in fact that is the right balance with digital and whether the Government should be thinking more broadly around more significant digital investment.

But I was not referring to that specifically in response to Mr Secord. What I was referring to was under-\$100 million projects, and they are in the hundreds. We are just trying to get a number for you but there are many of these projects spread right across government and many of those add to local employment. Many of those will be regional, and so that has a very positive spin-off as well and potentially does help with the youth unemployment issue you raised earlier. Let me just see if we have got those numbers.

Ms WILKIE: Yes, I have got various different numbers here, Ms Boyd. Some of what we were variously referring to as shovel-ready projects or screwdriver-ready projects, because they are not the big shiny ones, they include things like \$96 million was provided to fencing in Crown lands. Coming out of the bushfires lots of fences were destroyed. It is significant for agricultural producers, obviously, to have fences repaired so the Government has put significant investment into having fences repaired.

Mr Pratt has already mentioned maintenance for social housing. There has been \$47 million put into that as well. There has been other smaller scale capital works in the transport space, so things like local road

maintenance, maintenance of roundabouts and curbs and pedestrian things and bike lanes and that sort of thing going in as well. We already mentioned social housing, Aboriginal housing maintenance as well, so there is a \$500 million in that space as well, and then various other capital projects in—

Mr PRATT: Sorry, \$5 million.

Ms WILKIE: Yes, sorry, \$5 million. Various other projects in the health space, so regional hospital projects and that sort of thing as well. There is stuff going on across a whole heap of clusters in that screwdriver-ready space. Because we wanted to get the money out quickly, it is mostly focused on repairs and maintenance types of issues rather than new things.

Ms ABIGAIL BOYD: Will those projects require more public sector workers? Will public sector jobs be created through that?

Ms WILKIE: It is probably more local contractors, so local builders, plumbers, local contractors and local people being hired rather than bringing people permanently onto the public service payroll.

Ms ABIGAIL BOYD: Okay, understood. Is any of that funding going direct to councils for some of the projects that councils are needing funding for?

Ms WILKIE: Yes, there are payments that are going direct to local councils.

Ms ABIGAIL BOYD: For those projects?

Ms WILKIE: No, not for those projects. There are separate buckets of money that are going to local government.

Ms ABIGAIL BOYD: Not in the form of loans but in actual money?

Ms WILKIE: There are loans as well as grants, depending on what the money is being used for.

Ms ABIGAIL BOYD: What percentage is grants and what percentage is loans?

Ms WILKIE: I would have to take that on notice. That is not in front of me right at the moment, and that will need to work through—with loans, usually what we do is say that there is a fund of money available so we would need to also have a look at how much has been taken up.

Ms ABIGAIL BOYD: Okay, thank you. Mr Pratt, the digital shift concept—I guess we have seen in the last few months incredible adjustment to a different way of working and a different way of living. As you say, the take-up and the reliance on internet and different digital technologies has been massive. Some are speculating that some of those changes will stick—working from home, for instance. What other shifts have you seen in the economy and how is it changing the approach of Treasury to—firstly, is there anything you had in the works that you now think is not such a good idea but instead we should be focusing on something different?

Mr PRATT: That is a good question. Look, I would say it is certainly still pretty early days in this regard but our chief economist will probably have some data, no doubt, on this, but we are seeing a real shift already in a propensity to buy online and so that will force changes in business models that we talked about earlier. I do think in government if you look at that mix of physical and digital investment, we have a \$97 billion infrastructure program, as I have mentioned, and we have a \$100 million digital fund. In a post-COVID world I will be questioning whether that is the right mix or not. The Government has got a big investment in physical infrastructure and that needs to continue. So the question will be: Do we put more into digital infrastructure or not? I think the answer to that will probably be yes. What I am seeing from the community more and more now is a real desire to deal with government online.

Credit to the Government. I think we have made a lot of strides forward in digital. New South Wales is generally recognised in this country as being a leader in digital and, in fact, around the world. There is still a lot more we can do. I also think, to your question, we will need to come to grips with the changing world of work. The more this continues, from the point of view of human behaviour, I suspect that more and more people will not want to come back to a pre-COVID way of working. Now, that might be some blended mode or approach where maybe there are two days in the office, maybe there are a couple of days at home, maybe there is a day in some sort of hub that we set up in various parts of Sydney that people work together in. Treasury is an example, Ms Boyd. I am doing regular surveys of Treasury staff. Some 80 per cent of people are responding, and this will not surprise you, but they do not miss the daily commute in Sydney.

Now, for some of them that is three hours a day. There is a productive three hours that maybe could be spent at different hours of the day depending on their home working environment. Fortunately we had done a lot

of work in digital about working remotely before COVID. That has stood us up really well over this COVID period. In fact, much better than I anticipated. We had very few technology issues. I guess, overall, to answer your question, I think there is going to be a shift. I think the Government has to address this in a serious way, both around work and around other issues for the Government, how it transacts with the community. But then I think, more broadly, it goes to your earlier point about business models. How do we support the business community through good policy and so on going forward? I am sorry, that is a longwinded answer, but I hope I have pressed the issues.

Ms ABIGAIL BOYD: Yes, it is useful. I think it is important obviously that we reflect on the changes that have occurred. Also, what have you learned about the vulnerabilities of the current way of doing things? I am thinking particularly about revenue vulnerabilities and volatility during a situation like this. What have we learned and what might we do differently in the future?

Ms WILKIE: I can take it. I am going to give Mr Pratt a chance to rest his voice. That is a really good question in terms of the vulnerabilities. Obviously as we are working from home the public transport system, you know, capacity is down 75 per cent, so that is obviously a fall in revenue for us. In one sense that is a vulnerability, but we have seen through what has happened with that, people have shifted. It is not just that we have seen 75 per cent of people not travelling, but 75 per cent of people have stopped using the public transport system. Some of them are staying at home, some of them have shifted to walking or to cycling and some of them have shifted to driving their cars more. Obviously that last modal shift is not something that we want to lock in. We would love to lock in more walking and more cycling, and we would also like to lock in more working from home, or a blended way of working, so that we can try and cut off some of those transport peaks.

While that has revenue implications for us in the short term, it also has pretty significant implications for us in terms of where we should be investing in public transport into the future. Yes, there are vulnerabilities, but there are also opportunities that come with that. With all of these sorts of things, patterns and trends that we are seeing, we are starting very much to try and dig into them further to understand what are likely to be the enduring trends and what are not, and then what are the implications of that for Government service delivery, for revenue and for investment in the future. Another good one to look at is telehealth. The Commonwealth agreed to put telehealth onto the Medicare Benefits Schedule. We have seen a shift into telehealth being used by GPs and other medical practitioners like speech pathologists.

That has broken down barriers both from the medical practitioners' point of view, in terms of using telehealth, but also from patients' point of view, in terms of being willing to use telehealth as well. In terms of being able to provide health services to vulnerable people, to remote communities, all of that sort of thing, this is something that we would absolutely like to see continue. It is somewhat dependent on the Commonwealth agreeing to make that addition of the Medicare number permanent, but Minister Hunt has made noises in that direction, so we are very happy about that. But also in the health space, in the first couple of weeks of April we saw a 50 per cent drop in presentations to emergency departments across New South Wales. That is probably for a number of different reasons. People were scared to go into emergency departments [EDs].

Now, if they have stopped going into EDs, they still have a medical condition and they are not seeking medical help, that is going to have implications, costs to the system and costs to individuals, in the future. If they went to a GP instead, that is a really positive change that we would want to try and make. The fall is also probably because less people are moving around and not playing weekend sport, so less accidents and injuries for people presenting for that reason, but that is broadly likely to come up. But we need to dig into those sorts of trends that we are seeing, understand them and then work out what we can embed going into the future that is advantageous for the State and for individuals and work out how we can mitigate some of the problems. If people are sick, we do want them seeking medical help, so that is as much about getting confidence that turning up to an emergency department will not expose you to COVID-19 as it is about anything else.

Those are some of the sorts of issues that we are looking at. The ED thing is just a small part of the broader health system, but if we can embed some of those changes and then work with the Commonwealth to get broader health system reform, that has enormous benefit not just for the productivity of our health system, but also for the wellbeing of New South Wales citizens in terms of getting better health outcomes. Those are all of the sorts of things that we are looking at, whether it is across Education, Health, Transport, Planning, you know, those sorts of things. There is just quite an astonishing array of things that this is showing up to us in terms of the way the economy works that we can look at for changes.

Mr PRATT: Ms Boyd, can I just add one other point to that, and that is by way of a practical example. Health is saying that social distancing will be with us for some time now and I am sure you are well aware of that. If we just returned everybody to work in the Sydney CBD we would have a massive problem on public transport

with social distancing. We are working through what does that mean for the public sector and what does that mean for corporate Sydney, because it is not just the public sector, it is clearly everyone else in the CBD. These are issues that we are going to need to work through over the next little while.

Ms ABIGAIL BOYD: Just in the time I have left, a couple of random points. Sorry, I am jumping around a little bit. One of the risk scenarios, I guess, if you look forward, is the situation where New South Wales continues to face strict restrictions but the rest of the country does not. Have there been any thoughts around what happens when Federal Government support falls away? If New South Wales is still hit more strongly than the other States, is that something that has been actively discussed at a State and national government level—if one State ends up being harder hit for longer than another and we have border restrictions?

Mr PRATT: Look, I am sure that is a discussion point of National Cabinet. I am clearly not party to those discussions. The Prime Minister, as you have seen, has laid out their three-stage plan for recovery, but has really handed it to the Premiers and now it is for the Premiers to work through. I am sure each Premier is balancing up the primary objective of health versus easing up around the economic upside. But, as you are also well aware, we have States—we are largely framing the work across Australia, but States are in different places. There are some States with closed borders, for example. What does that mean going forward if that continues? Those issues are being debated at the National Cabinet.

Ms ABIGAIL BOYD: So that is, "cross this bridge if we come to it", rather than actively being considered at this point?

Mr PRATT: It is moving so quickly. I mean, they are meeting weekly, sometimes twice weekly, so I expect this will continue to evolve.

Ms ABIGAIL BOYD: We talked before about investment in physical infrastructure, but obviously jobs are also created through an investment in social infrastructure. Are there plans around that at this stage in terms of boosting the numbers of workers in all sorts of mental health services, domestic violence services et cetera?

Ms WILKIE: The support packages that we have already put out have provided some support in those areas as well.

Ms ABIGAIL BOYD: I mean as part of the recovery, though, as opposed to the response.

Ms WILKIE: This is one of the things. I mean, I used the example of the emergency departments and that sort of thing. We are also seeing changes in the sorts of service provisions as well. So some of the rapid and analytical work that is going on across clusters at the moment is to try and understand some of those changes and then what that means in terms of future service delivery both in the immediate term, over the next six to 12 months, as well as then what it means over the longer term after that.

Ms ABIGAIL BOYD: But there is no bucket of money. We talked about the amount that we are going to spend on physical infrastructure, is there an amount that we are going to spend on social infrastructure, acknowledging that that also creates jobs?

Ms WILKIE: The way we undertake the budget, the physical infrastructure number is one that we always calculate. We do not always calculate the social infrastructure bucket. As we move through into the recovery and then the reform phases of the New South Wales Government response, those issues are part of those conversations. We do not have a specific number against it.

Ms ABIGAIL BOYD: Is the intention to borrow for that physical infrastructure spend? With record low interest rates, Australia is still relatively healthy and attractive for investors versus some other countries. Is the plan to borrow?

Mr PRATT: In the half-year budget update we have got, across the forwards, borrowing negative net debt to \$41 billion. Through this cycle now of post-COVID we will need to look at what that debt position revised looks like as a result of these packages. There will be certainly more borrowing coming in off the back of this.

Ms ABIGAIL BOYD: That should have been my question. Is there going to be more borrowing as opposed to are you going to borrow. My time is up. Thank you very much.

The CHAIR: Before Ms Ward quite rightly calls me to order I will invite the Government if it wishes to ask a round of questions at the end.

The Hon. TREVOR KHAN: Heavens no.

The Hon. NATALIE WARD: I very much appreciate your invitation, Mr Chair, and given it was so nicely done I just wanted to thank the Treasury officials for all their incredible work at this time and know that the common enemy here is COVID. They are all working very hard and we appreciate your hard work on all of this. That is all I wish to say, thank you.

The CHAIR: On behalf of the Committee I express our gratitude to each of the three Treasury officials who have come today to answer questions to the best of their capacity. We have appreciated the frank exchange. There are a number of questions on notice. The Committee has resolved that you have 21 days to provide answers. Thank you very much. I know you have to go and put a bid on for Virgin, so we do not want to delay you any longer. Again, thank you very much.

(The witnesses withdrew.)

The Committee adjourned at 16:13.