

PORTFOLIO COMMITTEE NO. 1 – PREMIER AND FINANCE

Friday 22 August 2025

Examination of proposed expenditure for the portfolio area

TREASURER

CORRECTED

The Committee met at 9:15.

MEMBERS

Mr Jeremy Buckingham (Chair)
The Hon. Robert Borsak (Deputy Chair)
Ms Abigail Boyd
Ms Sue Higginson
The Hon. Dr Sarah Kaine
The Hon. Stephen Lawrence
The Hon. Bob Nanva
The Hon. Chris Rath
The Hon. John Ruddick
The Hon. Damien Tudehope

PRESENT

The Hon. Daniel Mookhey, *Treasurer*

CORRECTIONS TO TRANSCRIPT OF COMMITTEE PROCEEDINGS

Corrections should be marked on a photocopy of the proof and forwarded to:

**Budget Estimates secretariat
Room 812
Parliament House
Macquarie Street
SYDNEY NSW 2000**

CORRECTED

The CHAIR: Welcome to the second hearing of the Portfolio Committee No. 1 - Premier and Finance inquiry into budget estimates 2025-2026. I acknowledge the Gadigal people of the Eora nation, the traditional custodians of the lands on which we are meeting today. I pay my respects to Elders past and present, and celebrate the diversity of Aboriginal peoples and their ongoing cultures and connections to the lands and waters of New South Wales. I also acknowledge and pay my respects to any Aboriginal and Torres Strait Islander people joining us today. My name is Jeremy Buckingham. I am the Chair of the Committee. I welcome Treasurer Mookhey and accompanying officials to this hearing. Today the Committee will examine the proposed expenditure for the portfolio of the Treasurer.

I ask everyone in the room to please turn their mobile phones to silent. Parliamentary privilege applies to witnesses in relation to the evidence they give today. However, it does not apply to what witnesses say outside the hearing. I urge witnesses to be careful about making comments to the media or to others after completing their evidence. In addition, the Legislative Council has adopted rules to provide procedural fairness for inquiry participants. I encourage Committee members and witnesses to be mindful of these procedures. Welcome again and thank you for making the time to give evidence. All witnesses will be sworn prior to giving evidence. Treasurer, 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.

CORRECTED

Mr MICHAEL COUTTS-TROTTER, Secretary, NSW Treasury, sworn and examined

The CHAIR: Today's hearing will be conducted from 9.15 a.m. to 5.30 p.m. We are joined by the Treasurer for the morning session from 9.15 a.m. to 1.00 p.m., with a 15-minute break at 11.00 a.m. In the afternoon we will hear from departmental witnesses from 2.00 p.m. to 5.30 p.m., with a 15-minute break at 3.30 p.m. During these sessions there will be questions from the Opposition and crossbench members only, with 15 minutes allocated for Government questions at 10.45 a.m., 12.45 p.m. and 5.15 p.m. We will commence now with questions from the Opposition.

The Hon. DAMIEN TUDEHOPE: Thanks, Treasurer and Mr Coutts-Trotter.

The Hon. DANIEL MOOKHEY: Good morning, Mr Tudehope. It's very good to see you.

The Hon. DAMIEN TUDEHOPE: Can you hear me adequately?

The Hon. DANIEL MOOKHEY: I actually can't. Can you pull your microphone forward a little further? The acoustics are terrible.

The Hon. DAMIEN TUDEHOPE: We had to just get through that little session, Treasurer, because it's part of your performance and we enjoy it.

The Hon. DANIEL MOOKHEY: Genuinely, can you pull it forward? I can't actually—

The Hon. DAMIEN TUDEHOPE: That's fine. I can hear you. Performance art.

The Hon. DANIEL MOOKHEY: That's because my microphone's very close.

The Hon. DAMIEN TUDEHOPE: Have you got the budget papers with you?

The Hon. DANIEL MOOKHEY: I have the right ones, as well.

The Hon. DAMIEN TUDEHOPE: Do you?

The Hon. DANIEL MOOKHEY: I do.

The Hon. DAMIEN TUDEHOPE: I just want to check.

The Hon. DANIEL MOOKHEY: I double-checked. I made sure this morning. The first thing I said to my office was, "Make sure we have the right budget papers." I can confirm.

The Hon. DAMIEN TUDEHOPE: It would be very embarrassing not to have the right ones, wouldn't it, Treasurer?

The Hon. DANIEL MOOKHEY: It would and it was.

The Hon. DAMIEN TUDEHOPE: And it was. It will probably be something that I continue to remind you of—

The Hon. DANIEL MOOKHEY: For many years to come, because that's the type of person you are, Mr Tudehope.

The Hon. DAMIEN TUDEHOPE: Except that I'll be sitting there and you'll be sitting here, Treasurer.

The Hon. DANIEL MOOKHEY: Indeed.

MICHAEL COUTTS-TROTTER: Where will I be sitting?

The Hon. DANIEL MOOKHEY: Let's see how we go.

The Hon. DAMIEN TUDEHOPE: Nice call. Treasurer, how much do you expect to cut from the annual Transport budget by merging Sydney Trains with NSW TrainLink?

The Hon. DANIEL MOOKHEY: The savings there, I expect it to be aligned to approximately—it's probably a 1 per cent operating budget save, and that allows us to deliver two things. The first is—

The Hon. DAMIEN TUDEHOPE: I didn't ask you how much—

The Hon. DANIEL MOOKHEY: I'm just giving you the context that you asked for. I think, Mr Tudehope, it's about a 1 per cent operating budget save.

The Hon. DAMIEN TUDEHOPE: What is that in dollar terms?

CORRECTED

The Hon. DANIEL MOOKHEY: I think I can take that part of that question on notice. But I just point out that dollar save means that we will be spending more money delivering services to regional New South Wales.

The Hon. DAMIEN TUDEHOPE: I'll come to that, Treasurer. Just listen to my questions and we'll get through this. How many full-time employee positions will be made redundant as a result of that merger?

The Hon. DANIEL MOOKHEY: I don't know, because they're working through that process. Obviously, we've introduced a policy that also allows people who otherwise have to change roles to seek other roles in the departments and within the agencies. My expectation is of course that Transport will work through that respectfully. I also expect them to work through the new people program, from my understanding by the Premier's Department, that we implemented in our first budget, which is the reason why we have saved money on redundancies across the Government—as we said we would.

The Hon. DAMIEN TUDEHOPE: But the truth is—

The Hon. DANIEL MOOKHEY: Can I just finish the answer, Mr Tudehope? The third part that I'd say is that I would prefer us providing more services rather than us otherwise having people perform roles that could be absorbed. I certainly think it's a good thing that we are taking out some of the overhead that emerged when the previous Government split TrainLink out, which didn't lead to additional services but did lead to additional cost. My view is that equally the other part of why I think that's a sensible decision is because it allows us to assist in getting back on track the regional rail fleet deployment. Mr Tudehope, you know as well as I do that's been a really troubled program. You know, as I do, that the manner in which that program was procured was certainly not what the Government intended.

You mentioned switching spots. When I was sitting in your spot at estimates hearings in roughly 2015 and 2016, I recall Mr Constance at the time speaking ad nauseum and at great length about how excited he was to be deploying that new fleet. That new fleet is not yet deployed, in large part for a variety of reasons to do with its procurement and its design. But the fact that through the arrangement we've reached with the RTBU we are now in a position to get the fleets in use is going to save taxpayers hundreds of millions of dollars that otherwise were at risk. You make a good point about what are we doing, what are we changing and what are the consequences, and you're absolutely right to press me on the detail of that, but the broader point here is that the big saving that comes from that merger is to deploy the fleet. The people who want that the most are regional New South Wales and—incidentally—Treasury. Because we don't want the trains we bought to be sitting—

The Hon. DAMIEN TUDEHOPE: Treasurer, I've allowed you to give this speech now for nearly four minutes.

The CHAIR: Actually, that was me.

The Hon. DANIEL MOOKHEY: To be fair to you, Mr Chair, I don't think you allowed me, because I'm here to give evidence. The second point I started to make—

The Hon. DAMIEN TUDEHOPE: It's a speech you're giving, not answering my questions.

The Hon. DANIEL MOOKHEY: I just simply point out that from the perspective of a person on the Central Coast who wants this fleet—

The Hon. DAMIEN TUDEHOPE: Point of order: This is not responsive to my question.

The CHAIR: Treasurer, that's a very expansive and thorough answer. It went for four minutes. I think you've covered off most of the bases. Let's have a question.

The Hon. DAMIEN TUDEHOPE: In future, Treasurer, and I'm respectfully saying this to you, this is a process which works well if I ask a question, you answer it and don't give a speech.

The Hon. DANIEL MOOKHEY: No, I wouldn't agree with that, but I take your point.

The Hon. DAMIEN TUDEHOPE: Treasurer, what was the total cost of the 14-month back pay of the 4 per cent wage rise for Sydney Trains and NSW TrainLink, and was it allowed for in the 2025-26 budget?

The Hon. DANIEL MOOKHEY: The answer to the second question is yes. The answer to the first question is I'm happy to come back to you on notice with some more detail on that.

The Hon. DAMIEN TUDEHOPE: The 4 per cent was allowed for in the budget?

The Hon. DANIEL MOOKHEY: To the best of my knowledge it was.

MICHAEL COUTTS-TROTTER: Yes.

CORRECTED

The Hon. DANIEL MOOKHEY: Yes. Equally, can I just say, Mr Tudehope, to the first part of your question around the back pay, just bear in mind in last year's budget, and the budget before, we budgeted for a pay rise. In large part, because that money wasn't then paid at that point in time we obviously saved some money that we were in a position to return as wages. It's not like last year's budget, where we budgeted for a 0 per cent wage rise for rail workers.

The Hon. DAMIEN TUDEHOPE: You say to me that the 4 per cent wage rise for Sydney Trains, which is above the 3 per cent which has been allowed for most other employee-related expenses, was allowed for in relation to Transport?

The Hon. DANIEL MOOKHEY: I don't understand your question.

The Hon. DAMIEN TUDEHOPE: Was the 4 per cent allowed for or was it 3 per cent?

The Hon. DANIEL MOOKHEY: I answered that question.

The Hon. DAMIEN TUDEHOPE: You say it was 4 per cent?

The Hon. DANIEL MOOKHEY: You asked me whether or not the 4 per cent was budgeted, and I said it was.

The Hon. DAMIEN TUDEHOPE: Was it budgeted for on the basis of 4 per cent or 3 per cent?

The Hon. DANIEL MOOKHEY: It was budgeted for on the basis of the arrangement we reached with the Rail, Tram and Bus Union—sorry, I should say the Combined Rail Unions.

The Hon. DAMIEN TUDEHOPE: That was for 4 per cent?

The Hon. DANIEL MOOKHEY: Yes.

The Hon. DAMIEN TUDEHOPE: Is that right? And that's allowed for in the forward years as well?

The Hon. DANIEL MOOKHEY: To the best of my knowledge, it is, yes.

The Hon. DAMIEN TUDEHOPE: How much of the 4 per cent increase is going to involve sacking workers?

The Hon. DANIEL MOOKHEY: How much is the 4 per cent—

The Hon. DAMIEN TUDEHOPE: How much is the pay rise going to involve redundancies?

The Hon. DANIEL MOOKHEY: The pay rise for the Combined Rail Unions bargaining unit involves changes at NSW TrainLink and Sydney Trains, which you've already asked me about.

The Hon. DAMIEN TUDEHOPE: So the 900-odd employees—

The Hon. DANIEL MOOKHEY: They're not related.

The Hon. DAMIEN TUDEHOPE: —which have just been offered redundancies by Transport for NSW have nothing to do, is what you're saying, in relation to this pay increase?

The Hon. DANIEL MOOKHEY: Yes.

The Hon. DAMIEN TUDEHOPE: In circumstances where that pay increase has been afforded, what services will be reduced to deliver it?

The Hon. DANIEL MOOKHEY: What services will be reduced? This will deliver more services, Mr Tudehope. Incidentally, it's not just more services but more reliable services. The other part of this agreement that is a big step forward is the agreement for us to be able to deploy a whole bunch of new technology that means that the network can recover after adverse events. To make that a bit more understandable, you would recall this year that we had a powerline that went down, which caused quite a traffic jam on the network at peak hour. The way in which Sydney Trains currently has to respond is by using phone calls and paper to be able to redeploy staff. We got agreement, amongst many other changes, that we can just deploy new technology to do that. That's a big step forward in terms of reliability.

You're quite right to press me on this. What's in it for the taxpayers? What's in it for the taxpayers, with this agreement, is better, more reliable services and a more cooperative relationship with the workforce. It was incredibly hard fought. I'll take this opportunity again to make it clear, from my perspective, that we are very appreciative and sorry to the public for the inconvenience that was caused as that bargaining was taking place. At the end of it, what we have gotten is the ability to run our network better, which is also the reason why, since the agreement has been concluded, we have seen a recovery in reliability and service delivery. We've got more work

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to do there—for sure, we do—but it puts us in a much better position to give people the services that they are right to expect.

The Hon. DAMIEN TUDEHOPE: Can you give me, in dollar terms, what the value of the back pay amount was?

The Hon. DANIEL MOOKHEY: I think I took that on notice.

The Hon. DAMIEN TUDEHOPE: You can't identify that?

The Hon. DANIEL MOOKHEY: I think I've taken it on notice.

The Hon. DAMIEN TUDEHOPE: Would you say that the back pay is included in the budget papers?

The Hon. DANIEL MOOKHEY: Yes.

The Hon. DAMIEN TUDEHOPE: It was included. We had the hapless roads Minister, who was asked questions in relation to the completion of the M6. Did you hear that evidence?

The Hon. DANIEL MOOKHEY: No, I didn't. Incidentally, I might not necessarily agree with your characterisation of the evidence that she gave. To be fair to you, Mr Tudehope, I think you can be a bit more respectful.

The Hon. DAMIEN TUDEHOPE: Thank you for your advice. In respect of the evidence that she gave, she couldn't give any indication of when the M6 would be completed. Would you accept that from me that that was her evidence?

The Hon. DANIEL MOOKHEY: No.

The Hon. DAMIEN TUDEHOPE: You wouldn't accept it?

The Hon. DANIEL MOOKHEY: Sorry, Mr Tudehope. I trust you, but no, I'm not going to trust you to characterise the evidence of a Cabinet colleague.

The Hon. DAMIEN TUDEHOPE: I put it to you that her evidence was that she had no ability to indicate when that project would be completed. She was heavily reliant on engineering reports and the like in relation to geotechnical issues that had arisen in respect of that project. Is that part of your understanding about why there is a delay?

The Hon. DANIEL MOOKHEY: The Minister's evidence?

The Hon. DAMIEN TUDEHOPE: No, I'm asking, as a part of your understanding—this is why I put it to you. Is that part of your understanding about why there is a delay in the completion of this project?

The Hon. DANIEL MOOKHEY: What are you putting to me?

The Hon. DAMIEN TUDEHOPE: That part of the reason for the delay in the completion of the project is the geotechnical issues which have arisen in respect of—

The Hon. DANIEL MOOKHEY: By "geotechnical issues", are you describing the sinkhole?

The Hon. DAMIEN TUDEHOPE: Yes.

The Hon. DANIEL MOOKHEY: Yes, there's a sinkhole.

The Hon. DAMIEN TUDEHOPE: It's a geotechnical issue, isn't it?

The Hon. DANIEL MOOKHEY: I guess that's one way of describing it. The other way of describing it is there's a sinkhole. That has stopped the ability to complete the tunnel.

The Hon. DAMIEN TUDEHOPE: There's more than one, isn't there?

The Hon. DANIEL MOOKHEY: Yes. From my understanding, that's true.

The Hon. DAMIEN TUDEHOPE: That is your understanding.

The Hon. DANIEL MOOKHEY: Yes. My understanding is that the M6 project is a tunnelling project that stopped tunnelling when the ground collapsed.

The Hon. DAMIEN TUDEHOPE: What is your understanding of how long it is going to take to address that problem?

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The Hon. DANIEL MOOKHEY: My understanding is that it's the source of quite an intense contractual dispute with the people who are building it. I'm disappointed that that's happening. I'd also just point out that contract was entered into by your Government.

The Hon. DAMIEN TUDEHOPE: Regardless, what is the impediment to getting this project underway and completed? Is it just the—

The Hon. DANIEL MOOKHEY: The fact that there's a sinkhole.

The Hon. DAMIEN TUDEHOPE: Yes, is it just—good.

The Hon. DANIEL MOOKHEY: There's a hole!

The Hon. DAMIEN TUDEHOPE: Thanks, Treasurer. Resolving that issue should be a priority, should it not?

The Hon. DANIEL MOOKHEY: It is a priority.

The Hon. DAMIEN TUDEHOPE: What is your understanding in terms of actually being able to progress the resolution of that issue?

The Hon. DANIEL MOOKHEY: There's an intense contractual dispute. That dispute needs to be resolved.

The Hon. DAMIEN TUDEHOPE: How is it that we are progressing that contractual dispute?

The Hon. DANIEL MOOKHEY: By insisting that the contractor fix the problem.

The Hon. DAMIEN TUDEHOPE: How long is that going to take?

The Hon. DANIEL MOOKHEY: That's the source of the dispute.

The Hon. DAMIEN TUDEHOPE: Really?

The Hon. DANIEL MOOKHEY: Yes. Believe it or not, the contractor and the consortium that your Government entered into to contract to build it are, obviously, in big dispute and contesting whether they should pay for it.

The Hon. DAMIEN TUDEHOPE: The real reason is this: You're happy for these projects to be delayed, aren't you?

The Hon. DANIEL MOOKHEY: No.

The Hon. DAMIEN TUDEHOPE: That is the fact of it, Treasurer.

The Hon. DANIEL MOOKHEY: Sorry, Mr Chair. But you just asked me—

The Hon. DAMIEN TUDEHOPE: Just listen to me and answer the question when I'm finished.

The Hon. DANIEL MOOKHEY: No, you interrupted me, Mr Tudehope, within 30 seconds.

The Hon. DAMIEN TUDEHOPE: When I'm finished, then you can make your speech. The fact of it is that you're happy for these projects to be delayed, aren't you?

The Hon. DANIEL MOOKHEY: No. The reason why, Mr Tudehope, is when I became Treasurer, I inherited, as did the Government, the transport Ministers and the Premier, a Sydenham to Bankstown conversion that was in real distress, a western metro program that was facing equal distress—

The Hon. DAMIEN TUDEHOPE: That's your assertion.

The Hon. DANIEL MOOKHEY: Sorry, you said I could finish.

The Hon. BOB NANVA: Point of order: The Treasurer had only just commenced his answer.

The Hon. DAMIEN TUDEHOPE: He shouldn't misrepresent the state of the project.

The Hon. BOB NANVA: It's not courteous to the witness to interrupt as he's providing an answer that's directly relevant to the question that was put to him by Mr Tudehope.

The Hon. DAMIEN TUDEHOPE: He should not misrepresent the—

The CHAIR: I uphold the point of order. Please allow the Treasurer to answer the question that you put, Mr Tudehope.

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The Hon. DANIEL MOOKHEY: I think the question you put to me was: Was I happy?

The Hon. DAMIEN TUDEHOPE: You are.

The Hon. DANIEL MOOKHEY: I'm saying that I wasn't happy when I was initially briefed about the state of distress of the Sydenham-Bankstown project, nor was I happy about the state of the western metro. Incidentally, we also had major issues at the time with the Sydney to south-west metro and the M6, as well as the regional rail fleet. I could keep going, and I might. Equally, the Western Harbour Tunnel project also required some attention, particularly its integration with the broader road network, and, of course, there was the Rozelle interchange. No, I'm not happy about the manner in which the projects were managed under your Government and the consequences, therefore, for the Government I serve. Yes, it has taken a lot of effort.

Ultimately, I'm not happy because the people of New South Wales were promised better. They were promised better in terms of service delivery and cost. What certainly causes me anxiety when it comes to the M6 project is I would much prefer to have been putting that money into better road services, better public transport, better schools and better hospitals rather than having to manage a contractual dispute that was created by the manner in which your Government procured that project.

The Hon. DAMIEN TUDEHOPE: How much have you allowed for, for wage increases for transport workers for each of the four budget years?

The Hon. DANIEL MOOKHEY: I would just refer you to the budget papers. Which transport workers, sorry? Which specific transport workers?

The Hon. DAMIEN TUDEHOPE: Go to *Budget Paper No. 04*, page 11-2.

The Hon. DANIEL MOOKHEY: *Budget Paper No. 04*, 11-2, sure. Yes.

The Hon. DAMIEN TUDEHOPE: You see there, employee expenses for transport?

The Hon. DANIEL MOOKHEY: Yes.

The Hon. DAMIEN TUDEHOPE: They only increased \$89 million from 2024-25.

The Hon. DANIEL MOOKHEY: Sure.

The Hon. DAMIEN TUDEHOPE: That's not going to cover the back pay, let alone the 8.16 per cent wage increase to 2025-26 on the 2024-25 wages, is it?

The Hon. DANIEL MOOKHEY: Why don't I take that on notice?

The Hon. DAMIEN TUDEHOPE: I bet you'll take it on notice.

The Hon. DANIEL MOOKHEY: But I'll just point out—

The Hon. DAMIEN TUDEHOPE: Because it's correct observation, isn't it?

The Hon. DANIEL MOOKHEY: Sorry, Mr Tudehope. Can you just let me finish? The short answer is that it's not a correct rendering of the events because you know as well as I do that the employee-related expense line item covers more than you're describing. Equally, as you rightly point out, we are, as you can see in this budget paper—incidentally, by the way, Mr Tudehope, you know this. This is Transport for NSW. This is not Sydney Trains. Can I just go—

The Hon. DAMIEN TUDEHOPE: It doesn't matter.

The Hon. DANIEL MOOKHEY: No, Mr Tudehope. I'm sorry, but you just tried to mislead us all here.

The CHAIR: Order!

The Hon. DANIEL MOOKHEY: You want to talk about the employee expense line item for rail workers and transport workers. It's why I asked you to identify which transport workers you were talking about, and you didn't. By not doing so, you're trying to pass off a department budget as Sydney Trains' budget. You know as well as I do that if you turn to the operating, page 1, you know as well as I do that Sydney Trains is a PNFC. That's not that. Surely, as the shadow Treasurer, you're not deliberately trying to confuse what is a PNFC budget and a general government budget. You're not doing that are you?

The Hon. DAMIEN TUDEHOPE: Certainly not. But you have not, in fact, covered the back pay, have you?

The Hon. DANIEL MOOKHEY: Mr Tudehope, on the basis of using—

The Hon. DAMIEN TUDEHOPE: Have you done it?

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The Hon. DANIEL MOOKHEY: You're using the department budget. If you want to see where that is, well—can I just grab *Budget Paper No. 01*. If you go to the revenue, the expenses line item, or the recurrent expenditure aspect, you'll see in the other operating statement—

The Hon. DAMIEN TUDEHOPE: What page are you referring me to?

The Hon. DANIEL MOOKHEY: How about I come back to you on that in the next session, because we're about to run out of time on this one. But you know as well as I do that the State's contribution to the Sydney Trains operating budget is reflected in the other operating expenses part of *Budget Paper No. 01*.

The Hon. DAMIEN TUDEHOPE: But I will come back to it with you.

The Hon. DANIEL MOOKHEY: I'll get my office to get you some more detail.

The Hon. ROBERT BORSAK: I just want to talk to you for a few minutes or ask you some questions around the First Home Buyers Assistance Scheme. As you know, first home buyers in New South Wales are facing record challenges with Sydney's median house forecast to hit \$1.8 million in 2025, putting ownership even further out of reach. Affordability is the biggest hurdle compounded by soaring living costs, rising rents and a difficulty for saving. Treasurer, obviously you've introduced a new First Home Buyers Assistance Scheme. Can you explain to me who actually is eligible for it?

The Hon. DANIEL MOOKHEY: I can. The First Home Buyers Assistance Scheme sees first home buyers who purchase a property for less than \$800,000 pay zero stamp duty, and for first home buyers that purchase a property up to \$1 million pay low stamp duty. That approximately, between the two categories, covers roughly 85 per cent of first home buyers. Close to nine out of 10 out of every first home buyer in New South Wales pays either no tax or lower tax.

The Hon. ROBERT BORSAK: Where do you find a property less than \$1 million certainly anywhere within eight to 10 kilometres of the old GPO?

The Hon. DANIEL MOOKHEY: You'll be surprised, Mr Tudehope. Sorry, Mr Borsak.

The Hon. ROBERT BORSAK: Don't mistake me, please.

The Hon. DANIEL MOOKHEY: I'm sorry. You'll be surprised. In fact, we can get you more information about the exact geographical distribution of the benefits but, for example, one of the things that did certainly surprise me was that amongst the biggest users of the First Home Buyers Assistance Scheme were first home buyers in the east of the city in places like Woollahra. In large part, because that does reflect apartments and access to apartments and units as well, which is often and commonly the type of housing which first home buyers first acquire.

The Hon. ROBERT BORSAK: Is that going to be near the new rail station you're going to put into Woollahra?

The Hon. DANIEL MOOKHEY: I can't speculate on that, but I can say that we want people to live close to railway stations. We think that is an excellent use of urban amenity. Also, people do want to do that. Lots of people do want to live within walking distance of a train station.

The Hon. DAMIEN TUDEHOPE: They're putting in a new station at Woollahra?

The Hon. DANIEL MOOKHEY: We're pleased that first home buyers are able to buy in that part of the city as they are across New South Wales.

The Hon. DAMIEN TUDEHOPE: Is that an announcement you're making?

The Hon. DANIEL MOOKHEY: The other part I would talk about is that we are seeing that that program does disproportionately benefit regional New South Wales, and we think that's a good thing.

The Hon. ROBERT BORSAK: I might just go to rural and regional New South Wales. Is it true to say that you've got exactly the same level of exemptions in relation to rural and regional areas?

The Hon. DANIEL MOOKHEY: We do. I should point out that the rules are slightly different for first home buyers that are buying properties that don't yet have dwellings on them—that is, they're buying the land without the house—but I can give you some figures about the regional take-up, if you would like. I can say that in the Hunter Valley we've had 3,518 first home buyers assisted, saving them \$71.3 million, an average of \$20,271. In the Central West, \$37.1 million has been saved, with an average saving of \$17,647. In the capital region, 2,044 first home buyers have been helped, saving an average of \$18,691, and \$38.2 million saved in general.

CORRECTED

The Hon. ROBERT BORSAK: Can you explain how the exemptions actually work, and the discounts work, in relation to the scheme?

The Hon. DANIEL MOOKHEY: Yes. Again, if you're purchasing a property that is less than \$800,000, you just pay nothing. It's pretty straightforward. It's not more complicated than that. For the \$800,000 to \$1 million band, it operates on a sliding scale. Without wanting to bore you too technically with the maths, if you were to look at the Act, you will see that there's a formula there that says, in essence, the higher the property price is, the more the subsidy declines.

The Hon. ROBERT BORSAK: It actually just chops off at \$1 million and nothing above that. Is that right?

The Hon. DANIEL MOOKHEY: Yes, that's the way it does work. That is the threshold. That threshold, we do know, covers more than one in two properties in New South Wales which are eligible for people to buy. As well, there are 3.4 million dwelling stock in New South Wales. That is what we understand to be to current reach of those thresholds.

The Hon. ROBERT BORSAK: Certainly, the rental market's dire in New South Wales, probably elsewhere as well, but do you think it actually will make it cheaper for people to acquire a property and live in, rather than pay rent? Have you done those numbers?

The Hon. DANIEL MOOKHEY: We are seeing some migration between renters and first home buyers, but you're right to say, Mr Borsak, that's probably more influenced by interest rates—eligibility—than it is necessarily the first home buyers scheme. Bear in mind, the first home buyers scheme can only be triggered by those who are in a position to buy, which does turn more on whether or not a bank's prepared to lend, which does turn heavily on two factors. Firstly, are their wages going up? I'm pleased that in New South Wales just last week we reported the biggest rise in real wage growth in the country at 3.4 per cent. The second aspect is interest rates. We are seeing that, as interest rates fall and normalise, we are seeing first home buyers return a bit more to the markets as well.

The Hon. ROBERT BORSAK: You mentioned interest rates. I think we've seen in the last three months, what, 50 or 75 basis points?

The Hon. DANIEL MOOKHEY: Yes, it's come down by 75 basis points since the start of the year.

The Hon. ROBERT BORSAK: What's the annual saving to the budget in relation to that?

The Hon. DANIEL MOOKHEY: To the budget?

The Hon. ROBERT BORSAK: Yes.

The Hon. DANIEL MOOKHEY: That's an interesting question.

The Hon. ROBERT BORSAK: Obviously you would have had some assumptions in there.

The Hon. DANIEL MOOKHEY: We do. As interest rates fall, Mr Borsak, the Commonwealth bond rate falls in general. The exact numbers will be interesting. I might get Treasury to come back to you on that. Usually what we see is that after interest rates fall, the cost of the Commonwealth interest falls, and given that ours tends to be benchmarked to the Commonwealth, ours falls accordingly. That's a three-step sort of transmission chain. I guess the simple way of answering is there are two things we are seeing. Interest rates have fallen which means the cost of government borrowing in general has fallen, but pleasingly for New South Wales the difference between what we pay and what the Commonwealth pays is shrinking. At the start of the year, we would pay about 75 basis points more than the Commonwealth. That's now down to around, depending on which day you check the market, roughly—

The Hon. ROBERT BORSAK: That's a very big spread.

The Hon. DANIEL MOOKHEY: It is. It actually has been one of the highest, but it's not as bad as Queensland and Victoria. We have noticed, Mr Borsak, that in the past two years States have had to pay more relative to the Commonwealth than they have in the recent past. That is a big reason why in this budget, and in last year's budget and the budget before that, I have been very determined to normalise our debt to bring down gross debt by \$9 billion, particularly ahead of the refinancing. I can actually say that the day after we gave our budget, we saw our spreads fall for a while. But as of last week, in the fortnightly bond market update that I got, which I relish and love and I suggest everyone—

The Hon. ROBERT BORSAK: It's riveting reading.

CORRECTED

The Hon. DANIEL MOOKHEY: It is riveting. Thank you, Mr Borsak. That spread has fallen to roughly 55 to 60 basis points. Pleasingly as well, we're now paying less for our debt than Queensland, which, when I became Treasurer, had a lower credit rating than New South Wales but was paying less for its debt than we were. That has now been a sustained pattern since the start of the year, and I think that's a reassuring sign because you're right to say one of the biggest—in fact, third biggest—increase in cost pressure on the New South Wales budget are our interest expenses. Our interest expenses are the biggest source of cost rise that we are reporting in this year's budget and we expect to be reporting for each of the budgets to come for many years because we are refinancing a lot of debt that the previous Government in large part was right to incur during COVID.

The Hon. ROBERT BORSAK: Just quickly, why do you think you're seeing the drop in that spread by 20 basis points when you're re-marketing bonds now as opposed to when you took it up two years ago?

The Hon. DANIEL MOOKHEY: There are three things I point to. I'm very tempted to say it's because of my brilliant financial management—

The Hon. ROBERT BORSAK: I wouldn't agree with that.

The Hon. DANIEL MOOKHEY: —but I'm not. The factual response is this: Firstly, sovereign bond markets around the world are going through a period of turbulence that is, as I would describe, the most heightened in about 30 years. That's in large part created by the US and what's going on with the US Treasury market, and it has consequences on every government around the world. The second factor I should just point out in that respect is Germany changing its borrowing policy this year, which has also seen it enter the bond market as a major borrower, and that's affecting our spreads. What we're seeing is that in general Australian governments are relatively considered to be safe, reliable and predictable, so we are seeing a bit more interest in the entire Australian bond market. The second point I'd point out is that, compared to the other States, New South Wales is now seen as being a bit more predictable in its issuance program, and we, again, in this budget were the only State to lower our forecast issuance—that is, we are going to borrow less money than anyone thought, and that means the market has rewarded us.

The Hon. ROBERT BORSAK: That's what you'd expect.

The Hon. DANIEL MOOKHEY: The third aspect I'd point out is also people are seeing the gross debt stabilise and fall as a proportion of GSP faster than expected, in large part because we are running a cash surplus and in large part because we did make some pretty difficult decisions to lower our debt and we're getting rewarded a bit more in the marketplace, which is incredibly helpful. The final point I make is this: A 20-point spread reduction is worth hundreds of millions of dollars. It's a big saving for us. In my first budget, we did say that we would prefer to pay our creditors less so we can put more money into our essential services.

The CHAIR: Treasurer, do you think a key metric for a healthy corporation is that it makes a profit?

The Hon. DANIEL MOOKHEY: Yes.

The CHAIR: Does the New South Wales hardwood forestry SOC make a profit?

The Hon. DANIEL MOOKHEY: No.

The CHAIR: Excellent. Do you think it's going to make a profit?

The Hon. DANIEL MOOKHEY: Not in the short term.

The CHAIR: How long is the short term?

The Hon. DANIEL MOOKHEY: I will get that for you.

The CHAIR: When will it start making money?

The Hon. DANIEL MOOKHEY: Let me perhaps on detail come back to you on that. But my expectation is that the hardwood division is unlikely to make a profit this decade.

The CHAIR: Really? So it's just going to run at a loss?

The Hon. DANIEL MOOKHEY: That's my expectation.

The CHAIR: How much will the taxpayers of New South Wales have to pay to subsidise the losses of this SOC, of which you are one of two voting shareholders in?

The Hon. DANIEL MOOKHEY: Whether you characterise it as a subsidy or not is a different question. But I will say that the losses are not what I would describe as necessarily huge, but you are right to point out it's loss-making. The other point I'd just make with the hardwood division—

CORRECTED

The CHAIR: Is \$60 million huge?

The Hon. DANIEL MOOKHEY: Over what period of time?

The CHAIR: Let me just bring this up. The cumulative losses from the native forest hardwood logging division have been \$60 million to this point.

The Hon. DANIEL MOOKHEY: I think the cumulative losses, therefore, you're describing from—probably I'm just backwards inferring here. I think you're implying from financial year '21.

The CHAIR: Yes. I would say it's either four or five years.

The Hon. DANIEL MOOKHEY: I'll leave it for others to characterise whether it's huge or not, but I'd say the general way in which people answer that question is they take the loss as a percentage of the revenue over that period of time. I think on most corporate metrics, it wouldn't be described as huge but it would be described as warranting attention. The other point I'd just make is that Forestry Corporation's hardwood division was heavily affected by the Black Summer bushfires, and that did jeopardise the capacity to make a profit from that division. Equally, the hardwood division of Forestry Corp does discharge a social function of managing the estate as well, and so it's not fair to Forestry Corp to necessarily describe it as identical to a private sector corporation. It's obviously a State owned corporation, and they're distinct. But I think to be fair to everyone involved in Forestry Corp, it makes the point that its profitability has been affected by the Black Summer and its capacity to provide wood supply, and equally its cost base is quite fixed because it does undertake a social function that otherwise heretofore, at least until 2021, it would argue, was subsidised by its profit-making operations.

The CHAIR: What is the social function that it provides?

The Hon. DANIEL MOOKHEY: Managing the estate.

The CHAIR: What does managing the estate mean?

The Hon. DANIEL MOOKHEY: It means, for example, undertaking all the maintenance that's required of managing a public forestry estate, making sure that the fire prevention works are all done, and equally undertaking the investments akin to what National Parks has to do for the national parks estate's land.

The CHAIR: Treasurer—I nearly called you Premier.

The Hon. DANIEL MOOKHEY: I nearly called you Mr Tudehope.

The CHAIR: What a terrible mistake. You've just been at the Economic Reform Roundtable. It's a bit of a black box. You are one of the select attendees. What's the outcome for the people of New South Wales? What happened?

The Hon. DANIEL MOOKHEY: A more productive Australia and a more productive New South Wales.

The CHAIR: How? The question I have is did the New South Wales Government take a position to that Economic Reform Roundtable on tax reform, negative gearing reform?

The Hon. DANIEL MOOKHEY: No. I should point out that I was invited as the chair of the Board of Treasurers as well as the New South Wales Treasurer, but predominantly in my role as the chair of the Board of Treasurers, which meant that I was speaking for all the State governments of all political persuasions from all parts of our Federation, which they enjoyed as much as I did. Neither on behalf of the Board of Treasurers nor on behalf of the New South Wales Government did I take positions in respect to that particular question of tax policy.

The CHAIR: Did you take any positions in terms of taxation reform?

The Hon. DANIEL MOOKHEY: Yes.

The CHAIR: What were they?

The Hon. DANIEL MOOKHEY: The argument that I put forward at the round table on behalf of all the States was that the States are always interested in having constructive conversations about tax reform. I also argued that the Commonwealth is responsible for collecting 81 per cent of the nation's taxes. The States collect 19 per cent. I also made the point that with such a balance, predominantly tax policy is a question for the Federal Government. But to the extent to which there is interaction with State taxes, we will always look for constructive suggestions which mean that workers can get more wages, we can create more jobs and businesses can invest more. The specific area of focus on State taxes was whether or not States could do more to remove inefficient taxes. By inefficient taxes I mean taxes that otherwise displace economic activity greater than necessary.

The CHAIR: What are some of those? Stamp duty? Payroll tax? What are some examples of taxes that do that?

CORRECTED

The Hon. DANIEL MOOKHEY: It depends on who you believe. But I refer to the work that was undertaken by Chris Murphy on behalf of the national Productivity Commission. He was at the head of the round table. He's pointed out that you could describe the most inefficient taxes that States levy as either commercial stamp duty, which is what Grattan described as being the most inefficient—actually, that's not fair to Grattan. Chris Richardson made that point at the round table, that the most inefficient was commercial stamp duty. That was slightly contested. The other candidate for worst State tax was State insurance taxes. In large part we would concur that they are very inefficient taxes. That's why, for example, we are looking forward to here in New South Wales having a conversation with the Parliament about the future of the emergency services levy. The other taxes that are generally described as inefficient that the States levy include conveyance duties. You asked about payroll tax. The tax that business hates but tax designers don't hate as much is the way I would describe it.

The CHAIR: Did the waste levy get a mention as an inefficient tax?

The Hon. DANIEL MOOKHEY: No.

The CHAIR: Has Treasury analysed the impact of the waste levy on the competitiveness of New South Wales as a location for the circular economy or advanced manufacturing?

MICHAEL COUTTS-TROTTER: Not to my knowledge, Mr Buckingham, but I'll take that on notice.

The Hon. DANIEL MOOKHEY: Actually, I don't believe Treasury has, but I'm fairly positive the department of environment has fairly strong views on that. I think their argument is that it encourages the development of a circular economy because it properly prices it as what economists would describe as an externality—that is, waste. It puts a value on waste that therefore encourages people to divert their investment into less wasteful production.

The CHAIR: Treasurer, there's a line item in your budget that says that productivity is essentially stuck in New South Wales—I'm paraphrasing that—and in the absence of a major technological advancement, it will remain that way. How is it that we are not seeing an uplift in productivity from AI when the New South Wales productivity commission has said that AI has the potential to uplift GSP by \$100 billion—11.8 per cent—over the next 10 years. It was a key agenda item at the Economic Reform Roundtable. Why are we not seeing an uplift in productivity from AI in this State?

The Hon. DANIEL MOOKHEY: Firstly, Mr Buckingham, you've proven to be very prescient on the topic of AI. Kudos to you for establishing the nation's first parliamentary inquiry into AI, which did platform me to be able to speak at the round table with a bit more depth than otherwise I would have. So thank you for that. The second thing is that Treasury does see AI as being potentially transformative for productivity growth in New South Wales, as does the nation. The third part of my response—why isn't it yet showing up in the measurement of productivity—is there are two reasons. One, we haven't deployed it properly yet and, two, it will take a bit of time for it to show up in the economic data. The final point I will make is that the productivity windfall from AI has strong potential, for sure, but the other part of that debate is how do we make sure that that productivity windfall is fairly shared between workers and business and between governments and business? That's a big part of it. Equally, how do we internalise the risks, how do we manage the risks and who manages the risks? And who has to bear the risk? That was also a big subject of the conversation that I was participating in at the round table in the last few days.

The Hon. DAMIEN TUDEHOPE: I think the relevant page we were talking about was 11-1 in the same budget paper. The increase is \$1.1 billion.

The Hon. DANIEL MOOKHEY: So 11-1 of which budget paper?

The Hon. DAMIEN TUDEHOPE: No. 4. How much of that figure is back pay?

The Hon. DANIEL MOOKHEY: I think I endeavoured to get that on notice.

The Hon. DAMIEN TUDEHOPE: I'll accept that you can't give me that figure, Treasurer. In relation to the new firefighters award, how much of that cost is going to be back pay?

The Hon. DANIEL MOOKHEY: I would refer you to the decision of the court, which makes clear that that agreement applies from the last year's award from 2024.

The Hon. DAMIEN TUDEHOPE: What is that in dollar figures?

The Hon. DANIEL MOOKHEY: I think it's still being assessed by Fire and Rescue NSW. To be fair—as you would know from the judgement, Mr Tudehope, I would suspect—the court directed the parties to work through some of the finer details before they could formally make the award.

The Hon. DAMIEN TUDEHOPE: That's true.

CORRECTED

The Hon. DANIEL MOOKHEY: Equally, given that this is the biggest modernisation of the firefighters award in a while, I think it's fair and respectful of me to the parties involved to allow them to do that work as directed.

The Hon. DAMIEN TUDEHOPE: Surely just in relation to the pay aspect, which has, in fact, been decided—there are some aspects which the parties have been sent back to finalise, but the pay part is finalised.

The Hon. DANIEL MOOKHEY: Well, to be fair, Mr Tudehope, I think a proper rendering of the judgement would say that given that the pay component, as you describe it, involves the conversion of allowances into the base pay, it's not as straightforward as you're making out for the purposes of back pay.

The Hon. DAMIEN TUDEHOPE: There is no doubt that there is a significant uplift in wages, which, in fact, will have a component of back pay. Would you accept that?

The Hon. DANIEL MOOKHEY: I would accept that the commission, after we removed the wage cap, dealt with the underpay of firefighters that was created in large part by your decision as the IR Minister at the time to freeze pay.

The Hon. DAMIEN TUDEHOPE: That's just not true.

The Hon. DANIEL MOOKHEY: It is true. Do you want me to read the judgement? I disagree.

The Hon. DAMIEN TUDEHOPE: In any event, is there anything in the budget which allows for those back pay provisions over and above the 3 per cent?

The Hon. DANIEL MOOKHEY: My expectation of the impact on the budget of the back pay is that it's likely to be very minimal. I would expect that to be handled within the existing budgets. I don't think that's going to be an issue for the purposes of back pay. What's interesting, though, is the judgement of the court as to why the back pay is needed in the first place. The reason why the back pay was needed, according to the court—

The Hon. DAMIEN TUDEHOPE: Treasurer, just answer my questions, rather than giving speeches. We had the Premier do this the other day.

The Hon. DANIEL MOOKHEY: But I just don't know why you—

The Hon. DAMIEN TUDEHOPE: No, just answer the questions.

The Hon. DANIEL MOOKHEY: Mr Tudehope, why are you so reluctant for me to—

The Hon. DAMIEN TUDEHOPE: Because for every paragraph you can quote, I can quote two paragraphs in response.

The Hon. DANIEL MOOKHEY: Then let's do that for a while.

The Hon. DAMIEN TUDEHOPE: No, Treasurer. That's the whole point. In respect of employee expenses, Fire and Rescue employee expenses total \$867 million for 2024-25. Would you agree with that?

The Hon. DANIEL MOOKHEY: I'm happy to verify that number. I'm just going to have to verify that number.

The Hon. DAMIEN TUDEHOPE: It is last year's budget that I was quoting from. The 2025-26 budget only allows for \$858 million for 2025-26. Where is the provision for back pay and for the wage rise?

The Hon. DANIEL MOOKHEY: In the budget.

The Hon. DAMIEN TUDEHOPE: In the budget. It is in the budget, you say.

The Hon. DANIEL MOOKHEY: Yes.

The Hon. DAMIEN TUDEHOPE: Where?

The Hon. DANIEL MOOKHEY: In the budget.

The Hon. DAMIEN TUDEHOPE: Where?

The Hon. DANIEL MOOKHEY: In the lines that you were quoting.

The Hon. DAMIEN TUDEHOPE: But that's a reduction.

The Hon. DANIEL MOOKHEY: Mr Tudehope, the budget, as you know, is complicated for Fire and Rescue for the very simple reason that the manner in which the emergency services are funded are quite different.

The Hon. DAMIEN TUDEHOPE: I'll come back to that.

CORRECTED

The Hon. DANIEL MOOKHEY: I'm glad you will. Incidentally, as you'd know, when it comes to Fire and Rescue's budget, as with the RFS and the SES, what happens is that you put the number in the budget, you then see what the costs come in as and then you have to make the decision for the purpose of the ESL—and then you make that call. That's why there's a bit of a lag between our emergency services in the budget. I don't think that's particularly exceptional. Incidentally, it's the exact same system that you had to apply when you were in the positions that you were in as a government. I'm not worried about that aspect of it. Equally, I'd also just point out that it's a good thing that firefighters now have access to an independent umpire and that they have had the opportunity—

The Hon. DAMIEN TUDEHOPE: But the emergency—

The Hon. DANIEL MOOKHEY: Sorry, Mr Tudehope. I'm just finishing.

The Hon. DAMIEN TUDEHOPE: Treasurer, we should have come to an agreement that you do not make speeches.

The Hon. DANIEL MOOKHEY: I think it's a very good thing—

The Hon. BOB NANVA: Point of order—

The Hon. DANIEL MOOKHEY: I think it's a very good thing—

The CHAIR: Order! A point of order has been taken.

The Hon. BOB NANVA: Chair, the Treasurer was being relevant to the question that was asked. It's not courteous to the witness to be spoken over the top of by Mr Tudehope, nor is it assisting with the orderly conduct of this inquiry for the purpose of Hansard.

The CHAIR: Yes, I uphold the point of order.

The Hon. DAMIEN TUDEHOPE: Do you want to hear from me?

The CHAIR: I beg your pardon?

The Hon. DAMIEN TUDEHOPE: Do you want to hear from me?

The CHAIR: No. I've ruled. I uphold the point of order.

The Hon. DAMIEN TUDEHOPE: To the point of order—

The CHAIR: I've ruled. I've upheld the point of order. The Treasurer was being directly relevant. It does not assist the conduct of the inquiry or Hansard to be interjecting over the top. The Treasurer has been expansive in some of his answers, and I ask him not to make speeches. But on this particular point, he was definitely being relevant to the question that Mr Tudehope asked.

The Hon. DAMIEN TUDEHOPE: The emergency services levy went up by 2 per cent on 1 August to 22 per cent for homeowners. Do you accept that from me?

The Hon. DANIEL MOOKHEY: Yes.

The Hon. DAMIEN TUDEHOPE: And 20 per cent for small businesses?

The Hon. DANIEL MOOKHEY: I'm sorry, I don't know what percentages you're describing in that.

The Hon. DAMIEN TUDEHOPE: How much will it need to go up by for 2027 to cover the firefighters' 14.65 per cent wage increase?

The Hon. DANIEL MOOKHEY: I think that determination needs to take place after the parties agree on the final award.

The Hon. DAMIEN TUDEHOPE: But just in respect of the component which is the 14.65 per cent increase, how much will it need to go up?

The Hon. DANIEL MOOKHEY: Again, I just refer you to my earlier answer.

The Hon. DAMIEN TUDEHOPE: How much will average council contributions to ESL need to go up in 2027?

The Hon. DANIEL MOOKHEY: Again, I think it's a good question, Mr Tudehope, but you're pointing out a 14 per cent wage increase, of which it's roughly 5 per cent above the base.

The Hon. DAMIEN TUDEHOPE: The 5 per cent.

CORRECTED

The Hon. DANIEL MOOKHEY: That accounts for especially the period of underpayment between the years 2021-22 and 2022-23. I recall at the time when you imposed the 0.3 per cent wage cap on the entire public service, I pointed out to you that firefighters, amongst others—

The Hon. DAMIEN TUDEHOPE: I didn't impose—

The Hon. DANIEL MOOKHEY: You did. You were the industrial relations Minister.

The Hon. DAMIEN TUDEHOPE: Point of order: That is just not correct. The industrial commission—

The Hon. DANIEL MOOKHEY: No, you did. You put the regulation in, we disallowed it, and then you went to the court.

The CHAIR: I don't think that's a point of order, Mr Tudehope.

The Hon. DANIEL MOOKHEY: That happened. We disallowed it.

The Hon. DAMIEN TUDEHOPE: And what did the court determine?

The Hon. DANIEL MOOKHEY: Yes, you're right—you're absolutely right. I'm sorry to misrepresent your record.

The Hon. DAMIEN TUDEHOPE: No, it's their record. It's the court's record.

The Hon. DANIEL MOOKHEY: You then went to the court as a party and you did put in an application for a 0.3 per cent award. That was then contested and then the court did find in your favour at that time. That's 100 per cent correct. The court did accept your application for a 0.3 per cent wage freeze.

The Hon. DAMIEN TUDEHOPE: When businesses were going broke, and it was a situation relating to COVID. Do you recall that?

The Hon. DANIEL MOOKHEY: That underpayment is the reason why the commission then has adjusted the wages to reflect the fact that your application to reduce their pay in real terms succeeded.

The Hon. DAMIEN TUDEHOPE: It had nothing to do with the wages cap, though, did it? That's what the court found, Treasurer.

The Hon. DANIEL MOOKHEY: Mr Tudehope, if you're arguing that it had nothing to do with the wages cap and had everything to do with your application, that's a distinction without a difference, from my perspective. I would say that you applied—

The Hon. DAMIEN TUDEHOPE: No, it was the determination of the court based on the evidence, Treasurer.

The Hon. DANIEL MOOKHEY: As the industrial relations Minister at the time, you took an application to the court to cap firefighter pay at 0.3 per cent—

The Hon. DAMIEN TUDEHOPE: When businesses were going broke and we were—

The CHAIR: Order!

The Hon. DAMIEN TUDEHOPE: —having massive amounts of money going out the door.

The CHAIR: Order! Mr Tudehope.

The Hon. DAMIEN TUDEHOPE: Do you recall that?

The Hon. DANIEL MOOKHEY: I do.

The Hon. DAMIEN TUDEHOPE: Good.

The Hon. DANIEL MOOKHEY: Mr Tudehope, you're entitled to make the case for why you did it, and I well and truly respect the fact that you are. You have every right to argue in this forum and elsewhere why you put a 0.3 per cent wage cap on the public service. I hear you when you say that you feel as though that was necessary at the time. But the judgement of the commission last week is clear about what the consequence of that decision was. The consequence of that decision was the need for a wage adjustment for firefighters, which the court has now made. I also point out that since you've been the shadow Treasurer, you've also openly spoken in the Parliament about how you feel as though firefighters deserve good wages, and I believe you when you say that.

The Hon. DAMIEN TUDEHOPE: Correct.

CORRECTED

The Hon. DANIEL MOOKHEY: So what part of this judgement are you worried about?

The Hon. DAMIEN TUDEHOPE: I'm worried about the impact on the budget because you don't make provision for this in relation to the budget and it impacts on your surplus.

The Hon. DANIEL MOOKHEY: A year ago you were attending firefighters' rallies, in front of firefighters, saying you support their wage increase. Today you're in estimates saying it's unaffordable.

The Hon. DAMIEN TUDEHOPE: No, I'm asking you how you're going to afford it.

The Hon. DANIEL MOOKHEY: All I'm saying is that if you could hold a position for more than a week, at least it could mean the debate would be a little bit more informed.

The Hon. DAMIEN TUDEHOPE: Isn't it the case that the Government argued against the 2 per cent additional increase in the Industrial Relations Commission for firefighters?

The Hon. DANIEL MOOKHEY: The Government made its case, and I've got to say—

The Hon. DAMIEN TUDEHOPE: Didn't you argue against the extra 2 per cent in the Industrial Relations Commission?

The Hon. DANIEL MOOKHEY: No, what we did in the commission was we assisted the commission in assessing work value.

The Hon. DAMIEN TUDEHOPE: You argued against it. It's the secretary's evidence.

The Hon. DANIEL MOOKHEY: I'm sorry, Mr Tudehope. I'm answering your question, which you've asked me three times in succession.

The Hon. DAMIEN TUDEHOPE: Then go to the judgement and point to the provision, Treasurer—

The CHAIR: Order! Mr Tudehope.

The Hon. DAMIEN TUDEHOPE: —because you argued against it.

The CHAIR: Order! Mr Tudehope will come to order. Stop badgering the Treasurer and witness. Allow him to answer.

The Hon. DAMIEN TUDEHOPE: He should be more accurate, quite frankly.

The CHAIR: That's your view.

The Hon. DAMIEN TUDEHOPE: I'm happy to go through it.

The Hon. DANIEL MOOKHEY: I'll say that we're glad we abolished the wage cap. We're glad that as a result of abolishing the wage cap—

The Hon. DAMIEN TUDEHOPE: Wasn't it the case that you argued against—

The Hon. BOB NANVA: Point of order—

The CHAIR: Order! A point of order has been taken.

The Hon. DAMIEN TUDEHOPE: —the additional 2 per cent?

The CHAIR: Mr Tudehope.

The Hon. BOB NANVA: Chair, I have refrained from taking a series of points of order during that exchange. It was highly discourteous to the witness. I ask that you call Mr Tudehope to order and uphold the procedural fairness resolution paragraph (19) with respect to showing courtesy to the witness.

The CHAIR: I uphold the point of order. I won't call the honourable member to order at this point. I have already raised the issue of his interjections a number of times. It does not help with the conduct of the hearing, nor for Hansard, with him constantly interjecting over the top of the Treasurer after he has just asked a question. Please, let's maintain a level of civility. The Treasurer has the call.

The Hon. DAMIEN TUDEHOPE: Did you review Ms Livingstone's evidence before she filed it in the commission?

The Hon. DANIEL MOOKHEY: I haven't answered the question.

The CHAIR: Mr Tudehope, the Treasurer was in the middle of answering your question.

The Hon. DAMIEN TUDEHOPE: No, he wasn't.

CORRECTED

The CHAIR: He was at the beginning.

The Hon. DAMIEN TUDEHOPE: No, he wasn't.

The CHAIR: We will see.

The Hon. DANIEL MOOKHEY: As I was saying—

The Hon. DAMIEN TUDEHOPE: He wasn't answering my question.

The Hon. DANIEL MOOKHEY: —I'm glad we abolished the wages cap. We sought an independent umpire and facilitated a process by which firefighters could get an independent umpire to assess their work value. Having had that work value now assessed, the firefighters union themselves have said that this is a good outcome. To the extent to which, Mr Tudehope, you firstly, in government, capped their pay and, in opposition, said to them that you'd support them but today in estimates have reversed position again, it simply points to the fact that you haven't held a consistent position.

The Hon. DAMIEN TUDEHOPE: Can you go to paragraph 647 of the judgement?

The Hon. DANIEL MOOKHEY: I can't.

The Hon. DAMIEN TUDEHOPE: You can't?

The Hon. DANIEL MOOKHEY: No.

The Hon. DAMIEN TUDEHOPE: You didn't bring it with you?

The Hon. DANIEL MOOKHEY: Not the whole judgement, no.

The Hon. DAMIEN TUDEHOPE: Why not?

The Hon. DANIEL MOOKHEY: Because, believe it or not, I—

The Hon. DAMIEN TUDEHOPE: You only wanted to selectively quote parts. Is that what you're telling me?

The Hon. DANIEL MOOKHEY: I certainly wanted to point out some parts of what the commission said, and this is one thing I'm very eager to point out—

The Hon. DAMIEN TUDEHOPE: I accept that, and I just said to you that for every one you can quote, I can quote two back. Paragraph 647 says this:

There were a small number of amendments in the Secretary's application about which the Secretary made no submissions. The Secretary nevertheless stated in closing submissions that its entire application was pressed. That required us to seek to identify what evidence, if any, in the 9271 pages of the court book, went to these matters.

The whole of the secretary's submission was pressed, which is in fact that only a 3 per cent wage increase ought be given. Do you accept that was what your Government's position was?

The Hon. DANIEL MOOKHEY: No. Mr Tudehope—

The Hon. DAMIEN TUDEHOPE: Well, what was the Government's position?

The Hon. DANIEL MOOKHEY: Mr Tudehope, the Government's offer was clear. But, equally, you're quoting from a judgement that's come from a court that you opposed.

The Hon. DAMIEN TUDEHOPE: But the industrial commission existed—

The Hon. DANIEL MOOKHEY: It has some bearing on these matters. When we introduced the legislation to give the court the power to make that judgement, you voted against it.

The Hon. DAMIEN TUDEHOPE: That's just not true.

The Hon. DANIEL MOOKHEY: Right now you're saying you would take that power off that commission. You're quoting a judgement

The Hon. DAMIEN TUDEHOPE: No, I wouldn't take it off them.

The Hon. DANIEL MOOKHEY: —from a court that you don't recognise its right to rule.

The Hon. DAMIEN TUDEHOPE: Treasurer, do not say this, because you are making assertions here which are just not true.

The Hon. DANIEL MOOKHEY: Well, sorry, what exactly is your policy on the wage cap, then?

CORRECTED

The Hon. DAMIEN TUDEHOPE: Let me just ask you this: Did you review Ms Livingstone's evidence before she gave evidence to the commission? Did you review it?

The Hon. DANIEL MOOKHEY: The short answer is—

The Hon. DAMIEN TUDEHOPE: Did you review it?

The CHAIR: Order!

The Hon. DANIEL MOOKHEY: When it comes to the evidence that was given by Ms Livingstone, who is the deputy secretary, who is under oath, my expectations of Ms Livingstone is that she gives accurate evidence—full and frank evidence. She herself assisted in the deliberations by making herself available, I believe, for cross-examination. As for the precise nature of her evidence, did I review it? The short answer is of course I did not. It's her evidence, and it's her right to give it. She's done so under the leadership of the secretary. I would simply point out the fact that Ms Livingstone was giving evidence shows how this Government has been providing the commission with assistance in their determination, which is what should happen in a mature industrial relations system.

The Hon. DAMIEN TUDEHOPE: Her submission is on behalf of the Government, is it not?

The Hon. DANIEL MOOKHEY: Her evidence is her evidence that is presented—

The Hon. DAMIEN TUDEHOPE: But is on behalf—she is a Government witness, is she not?

The Hon. DANIEL MOOKHEY: Can you let me finish, Mr Tudehope?

The Hon. DAMIEN TUDEHOPE: Isn't she a Government witness?

The Hon. DANIEL MOOKHEY: Mr Tudehope—

The Hon. DAMIEN TUDEHOPE: Are you thinking about that answer, or not?

The Hon. BOB NANVA: Point of order—

The CHAIR: A point of order has been taken. I will hear Mr Nanva on the point of order.

The Hon. BOB NANVA: It seems as though every time the Treasurer is about to respond, Mr Tudehope feels the need to interject.

The Hon. DAMIEN TUDEHOPE: But he ought give a responsive answer.

The Hon. BOB NANVA: I respect Mr Tudehope's passion on this point, but that should not be a cloak to abandon a respectful and civil hearing. I would ask that you uphold the procedural fairness resolution, Chair.

The CHAIR: I uphold the point of order. I, too, appreciate the energy of Mr Tudehope, but it's not assisting the inquiry by constantly interjecting and firing questions at the Treasurer before he's had an opportunity to fully respond. Please, let's treat the witness with civility and decorum. The Treasurer was in the middle of an answer.

The Hon. DANIEL MOOKHEY: I refer you to my earlier answer, Mr Tudehope.

The Hon. DAMIEN TUDEHOPE: Thank you. Part of her evidence was this—it's at paragraph 48 of the judgement. Have you got that paragraph in front of you?

The Hon. DANIEL MOOKHEY: No, I don't.

The Hon. DAMIEN TUDEHOPE: I'm sorry? Is that not one of the paragraphs you have in front of you?

The Hon. DANIEL MOOKHEY: No. I have paragraphs—

The Hon. DAMIEN TUDEHOPE: That is interesting. That is interesting.

The Hon. DANIEL MOOKHEY: Well, I'm glad you're interested.

The Hon. DAMIEN TUDEHOPE: At paragraph 48, which you don't have, she says this:

...that in order for the government to maintain existing services, absent any substantial revenue uplift, any unbudgeted increase in expenditure including any additional wage-related expenses would require additional borrowing, which would in turn increase gross debt and interest expenses.

That was her evidence.

The Hon. DANIEL MOOKHEY: Yes.

The Hon. DAMIEN TUDEHOPE: Do you accept that?

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The Hon. DANIEL MOOKHEY: I accept that that was her evidence.

The Hon. DAMIEN TUDEHOPE: Good, thank you. What services will be reduced, Treasurer?

The Hon. DANIEL MOOKHEY: I'm not expecting any, because if you read the rest of the judgement—

The Hon. DAMIEN TUDEHOPE: The fact of the matter is, isn't it, that fire trails will probably not be maintained. Is that potentially the case as a result of—

The Hon. DANIEL MOOKHEY: Please, Mr Tudehope. The Fire and Rescue budget—

The Hon. DAMIEN TUDEHOPE: In terms of services which are available?

The Hon. DANIEL MOOKHEY: No. That's incorrect.

The CHAIR: I thought Forestry did that.

The Hon. DAMIEN TUDEHOPE: The clearing is done by Fire and Rescue.

The Hon. DANIEL MOOKHEY: The Fire and Rescue budget is stable. To the extent to which you're trying to point out whether or not the services are going to have to be cut, I would simply say that the Fire and Rescue budget is consistent, stable, predictable and not changing.

The Hon. DAMIEN TUDEHOPE: Thank you.

The Hon. DANIEL MOOKHEY: I haven't finished, Mr Tudehope. You've made quite a claim there.

The Hon. DAMIEN TUDEHOPE: Well, that's one of the services that are provided.

The Hon. DANIEL MOOKHEY: Let me finish. You've just said that you think that the Government is going to need to reduce maintenance and fire prevention to fund a wage increase.

The Hon. DAMIEN TUDEHOPE: Rule it out.

The Hon. DANIEL MOOKHEY: I am.

The Hon. DAMIEN TUDEHOPE: Good, thank you.

The Hon. DANIEL MOOKHEY: Sorry, I'm replying—

The Hon. DAMIEN TUDEHOPE: No, if you've ruled it out, that's fine.

The Hon. DANIEL MOOKHEY: No, Mr Tudehope, you need to be very—

The Hon. DAMIEN TUDEHOPE: Ms Livingstone's evidence—

The CHAIR: Order!

The Hon. DANIEL MOOKHEY: Mr Tudehope, I'm going to make this point, which is a fair rendering of the judgement makes very clear that the scenario that you just identified is not going to happen. And I think that, Mr Tudehope, as you continue to campaign to restore a wages cap, which you're entitled to do—

The Hon. DAMIEN TUDEHOPE: Point of order: I have never campaigned for that.

The Hon. DANIEL MOOKHEY: You took that policy to the last election. You argued very strongly for it. That was your policy.

The CHAIR: That is not a point of order. That is a debating point.

The Hon. DAMIEN TUDEHOPE: A return to the wages cap was your evidence.

The CHAIR: Order! Mr Tudehope—

The Hon. DANIEL MOOKHEY: As you continue to justify the previous—

The CHAIR: Could you please conclude your answer? Actually, could you please—

The Hon. DAMIEN TUDEHOPE: Point of order: The witness is not entitled to give evidence which is just plain wrong, and deliberately so.

The CHAIR: In actual fact, I think the witness can give evidence that is wrong if he wants. I'd advise him not to—

The Hon. DAMIEN TUDEHOPE: Well, he can tell lies, because that's what he's doing.

The CHAIR: Order! I don't uphold the point of order.

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The Hon. DAMIEN TUDEHOPE: Well, he does have an oath.

The CHAIR: Please allow the Treasurer to start his answer.

The Hon. DAMIEN TUDEHOPE: That's not true, Treasurer, and you know it.

The Hon. DANIEL MOOKHEY: Mr Tudehope, as you continue to justify the previous Government's wages cap and campaign for its return—

The Hon. DAMIEN TUDEHOPE: That is not true.

The CHAIR: Order!

The Hon. DAMIEN TUDEHOPE: It's not true.

The Hon. DANIEL MOOKHEY: —I would encourage you to ground your arguments in fact. The fact that you have pointed out—

The Hon. DAMIEN TUDEHOPE: Where have I campaigned for that, Treasurer?

The Hon. DANIEL MOOKHEY: You are, currently, as we speak.

The Hon. DAMIEN TUDEHOPE: That is just not true.

The Hon. DANIEL MOOKHEY: This entire 20 minutes of questioning is in pursuit of your campaign for a wages cap.

The Hon. DAMIEN TUDEHOPE: No, it is questioning how you, in fact, are paying for these—

The CHAIR: Order!

The Hon. DANIEL MOOKHEY: Then why don't you just rule out returning a wages cap and put this to an end?

The Hon. DAMIEN TUDEHOPE: I am.

The Hon. DANIEL MOOKHEY: So you're ruling out the return of the wages cap?

The CHAIR: Order! I've heard enough.

The Hon. DANIEL MOOKHEY: So what exactly is your wages policy?

The CHAIR: Order! Treasurer, you will come to order. We will now—

The Hon. DAMIEN TUDEHOPE: We'll have a different approach.

The CHAIR: That will conclude that section of the hearing, and those questions.

The Hon. DAMIEN TUDEHOPE: Guided by these judgements, by the way, which are very helpful.

The CHAIR: We will now turn to questions from Mr Borsak.

The Hon. DAMIEN TUDEHOPE: Good wages policy. We'll have a sensible wages policy.

The CHAIR: Mr Borsak, please ask your questions.

The Hon. ROBERT BORSAK: Thank you, Chair. Treasurer, are you supportive of an increase of the GST rate from 10 per cent?

The Hon. DANIEL MOOKHEY: To?

The Hon. ROBERT BORSAK: That's up to you; you've got to tell me.

The Hon. DANIEL MOOKHEY: No.

The Hon. ROBERT BORSAK: You're not supportive?

The Hon. DANIEL MOOKHEY: I'm not.

The Hon. ROBERT BORSAK: You don't support that as a proposal from the Federal Government in trying to claw back an increase to their tax revenue, based on their excessive spending habits?

The Hon. DANIEL MOOKHEY: The Federal Government is not proposing an increase in GST, nor are the States.

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The Hon. ROBERT BORSAK: Okay, that's answered straight up and down. Obviously you argue, as every Treasurer does, for a better share of the GST. I think it's done every three years, is it?

The Hon. DANIEL MOOKHEY: No, it's done every 12 months.

The Hon. ROBERT BORSAK: Every 12 months? I'm sorry, I got it wrong.

The Hon. DANIEL MOOKHEY: Yes, I am arguing strongly that the current system to distribute GST between the States is broken. It's broken—

The Hon. ROBERT BORSAK: Can you explain to me how New South Wales would fix it to our advantage?

The Hon. DANIEL MOOKHEY: I'm arguing for a per capita distribution of the GST—that is, revenue collected in the States should be returned in proportion to that contributed from the States. That is a system which would see certainly New South Wales get a better deal but, in my argument, it's also to the benefit of the Federation as a whole. The reason why is because it's much more simple, it's much more practical and it's much more explicable, of course. In making that argument, I also recognise the need for the big States to support the smaller States and Territories. The associated position that I am arguing for would see the money that the Commonwealth currently provides as part of the GST "No Worse Off" agreement in essence be redistributed to the smaller States.

Another way of putting it is that in 2018, when Scott Morrison changed the rules for distributing the GST, he crossed the Rubicon of using the Commonwealth consolidated fund to supplement the GST pool. In the 25 years since the GST was introduced, that was the first time that happened. It was the first time a Federal Government said, "We're going to take revenue from our consolidated fund and put that into the GST pool." It would be better to use an additional supplement from the Commonwealth to support the smaller States than it would be to ensure that the bigger States are not worse off as a result of the 2018 change. That's my in-principle view. We're going to argue that case to the Productivity Commission next year, and beyond. My expectation is that our argument is not going to be endorsed in the short term, but we're going to continue to argue for it.

Pleasingly, we have seen States like Western Australia say that they would support a system like that. Western Australia have said that would allow them to go forward and revise—I'm not going to speak for them, but they certainly would support a per capita distribution of the GST. That means a big deal for New South Wales. New South Wales now only receives 86¢ in the dollar when it comes to the GST. When I first became Treasurer, which was only two and a bit years ago, we were receiving 92¢ in the dollar and, at that time, Victoria was receiving 96¢ or 95¢ in the dollar. Today, Victoria gets \$1.07 for every dollar collected in GST from that State; we're at 85¢. The difference between us and Victoria is now 22¢. That's not sustainable. The only two States that notionally—

The Hon. ROBERT BORSAK: I will just stop you there. How much is WA currently getting?

The Hon. DANIEL MOOKHEY: WA is currently getting 78¢ in the dollar, I believe, but they're about to go to 80¢.

MICHAEL COUTTS-TROTTER: I believe it's 75¢, but I'll double-check.

The Hon. DANIEL MOOKHEY: It's 75¢ or 78¢. I thought it was 75¢ last year. I'm fairly positive it might be 78¢ this year, but they're due to get close to—I think from next year—the minimum of what we get.

MICHAEL COUTTS-TROTTER: Yes.

The Hon. DANIEL MOOKHEY: So they're going to go up again. In the absence of the 2018 change, WA would probably be getting 12¢ in the dollar. WA has argued that's because of the way in which iron ore royalties are treated for the purposes of calculating GST distribution. But, in my perspective, those royalties apply equally to New South Wales and Queensland when it comes to coal and, incidentally, South Australia, when it comes a little bit to gas. My point is that New South Wales is carrying the Federation when it comes to GST distribution. We're more than happy to do our share as the biggest State, as the premier State, to support the smaller States. We agree that an Australian in the Northern Territory should have access to the same level of services as an Australian in Newcastle. But the way in which the existing system works is fundamentally broken. So I'm looking forward to making that case to the Productivity Commission next year as they review the scheme. But I do think this is an area in which the New South Wales Parliament has to be united. I want to thank all parties who have been, and the Opposition. We support it. It's good that we have bipartisanship on this.

The Hon. ROBERT BORSAK: Treasurer, you said at the outset that you don't support an increase in the rate from 10 per cent. That's great. Are you thinking about or supportive of a situation where the rules around what GST gets charged on are simplified and streamlined, which would be effectively an increase in taxes?

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The Hon. DANIEL MOOKHEY: I think you're referring to applying the GST on a broader base.

The Hon. ROBERT BORSAK: Yes.

The Hon. DANIEL MOOKHEY: I'm not supportive of that, because the base that you'd have to apply it to is food. It's fresh food, to be clear. Lower income households spend a disproportionate amount of their budgets on fresh food. Incidentally, also, the other part of the base that's excluded is health care. Some people would argue that some parts of education spending should be included. But my argument is no, I don't think that is a sensible way forward, because I do believe the distributional impacts of that will disproportionately make our tax system less progressive.

The Hon. ROBERT BORSAK: Can we talk about payroll tax for a few minutes, because it's one of the worst taxes ever invented for small businesses and large businesses, and all of us who pay it. The threshold is \$1.2 million at the moment. How long is it going to stay at that level?

The Hon. DANIEL MOOKHEY: The Government did not change the threshold in this budget. The current threshold, I believe, was adopted in one of Mr Perrottet's budgets.

The Hon. ROBERT BORSAK: Yes, Mr Perrottet. He also indexed it, I think, at the time.

The Hon. DAMIEN TUDEHOPE: Four times, we did.

The Hon. ROBERT BORSAK: He indexed it, also, at the time.

The Hon. DANIEL MOOKHEY: He didn't. No, quite the opposite. Mike Baird removed indexation of payroll tax in 2013-14. Treasurer Baird at the time said this, "In the longer term, the removal of indexation will broaden the base of payroll tax and make it more efficient."

The Hon. ROBERT BORSAK: What does "broaden the base" mean? It almost captures everybody.

The Hon. DANIEL MOOKHEY: You'll have to ask Treasurer Mike Baird.

The Hon. ROBERT BORSAK: He is no longer the Treasurer. My question is if you were to consider that, how would you broaden it? Or are you simply saying you will not broaden it?

The Hon. DANIEL MOOKHEY: The Government is not considering currently broadening the base of payroll tax. We're not suggesting that we should broaden it. But that was the point that Mr Baird made; it's not my point.

The Hon. ROBERT BORSAK: That's right, but I'm asking you. You're not considering it?

The Hon. DANIEL MOOKHEY: No, we're not. In fact, in last year's budget, we came to a really sensible position when it came to the application of payroll tax for GPs. In fact, we did the opposite of broaden the base. We tested the proposition that GPs were making pretty closely and pretty strictly, which was they provide healthcare services, they are at a time when they're recovering from a freeze in bulk-billing rates, and they do want to provide more bulk-billing. Their concern was that some of their businesses were being ensnared in some of the contractor provisions of the—

The Hon. ROBERT BORSAK: I remember the debate.

The Hon. DANIEL MOOKHEY: We were really pleased that we rolled out the bulk-billing payroll incentive. The finance Minister, I'm sure, when she appears, will be in a position to give you more information about how well that program is going. We did make that initiative. We really think it's been a good difference in preserving bulk-billing.

The Hon. ROBERT BORSAK: I think the current rate is about 5.45 per cent at the moment.

The Hon. DANIEL MOOKHEY: It is, yes. There is a progressive rate on payroll tax. But, yes, that is what it was.

The Hon. ROBERT BORSAK: Are you contemplating increasing it at all?

The Hon. DANIEL MOOKHEY: At this point, no. I'm not contemplating increasing it at this point.

The Hon. ROBERT BORSAK: You're not? All right.

The Hon. DANIEL MOOKHEY: No. But I would just say this: It's a really good point you're making, Mr Borsak, about where payroll tax is up to. There are two parts about it. There's the rate and the base. There are no changes being proposed in respect to the base as a matter of policy but, certainly from the perspective of enforcement, it is something that we need to look at. As we see the emergence of the gig economy, we are seeing

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employee-like arrangements being organised through digital platforms and otherwise not having to pay payroll tax.

The Hon. ROBERT BORSAK: That's my next step, and I've run out of time.

The Hon. DANIEL MOOKHEY: That's Uber.

The Hon. ROBERT BORSAK: What are you doing about Uber?

The Hon. DANIEL MOOKHEY: For example, we are committed to—as we said we would when we were in opposition—having a look at this. I'm not going to provide a running commentary to some matters that are before the courts right now, but two weeks ago the full bench of the Court of Appeal did decide an important case around the application of payroll taxes to the gig economy. They reversed a decision that was made by a judge at first instance that will see Uber have to pay taxes for a period of time—from, I believe, 2015 to 2020, from memory. I think that is a good example of what the Government's doing to protect the integrity of the payroll tax base.

The reason why I say that's important is that if you are employing people in employee-like arrangements you should be making a contribution according to our payroll tax laws. The second aspect is that, if you're not, the people who are otherwise at a commercial disadvantage are people who are not in the gig economy. A big argument that this Parliament has taken up in many forms over the last few years is that it's unfair to a person who's employing taxi drivers as employees that you have to pay payroll tax, but a person who's employing them through a gig platform does not.

Whilst it's fair to say that very few taxi drivers are employed as employees and they are under contracts of bailment more typically than not, the point still stands. If some businesses get an advantage by organising their arrangements in one legal manner and others don't, that does create a disadvantage for those businesses. I think that, ironically, the people who have been championing the most to ensure consistent application of payroll taxes between the gig economy and the non-gig economy are those who are in the non-gig economy who are businesses.

Ms ABIGAIL BOYD: Good morning, Treasurer. I wanted to talk to you about this week's shocking announcement about further NDIS cuts, which have left people with disability feeling again like a political football and a scapegoat. Yesterday health Minister Ryan Park told us that your Government would not be picking up the bill for the Commonwealth's new program—this Thriving Kids program. But, on the same day, the Premier was quoted as saying that New South Wales, of course, will do its bit. What is New South Wales's position when it comes to that Thriving Kids program?

The Hon. DANIEL MOOKHEY: Ms Boyd, it's a very good question. The short answer is that we want to see a lot more detail on what the Commonwealth is asking us to do, in large part because caring for those with a disability is a Commonwealth responsibility, for good reason.

Ms ABIGAIL BOYD: Could I ask you why you think that?

The Hon. DANIEL MOOKHEY: Sorry, it's not an exclusive Commonwealth responsibility. I take your point. But it certainly has been, since the establishment of the NDIS, the prime responsibility of the Commonwealth.

Ms ABIGAIL BOYD: Some 86 per cent of Australians with disability are not on the NDIS and don't have NDIS plans. The NDIS review was very clear that it felt that, after the NDIS was established, the States and Territories had assumed that the Commonwealth would take more responsibility than in fact the NDIS was set up to achieve. As a result, the States and Territories pulled back on their spending and their efforts to create more inclusive and accessible State programs and State infrastructure, particularly within schools and in other areas. Part of the reason for the NDIS review and recommendations was to try and get States and Territories to take back their fair share of responsibility for people with disability. You were quoted after this week's round table as saying that you believe that spending on the NDIS should be brought down. Do you accept, though, that that means, from a State perspective, the State Government is going to have to start doing more for people with disability?

The Hon. DANIEL MOOKHEY: Do you mind, Ms Boyd, if I take that question in parts? To the first part of your question, I can't speak to the history that is associated with what the State's intentions were at the time. To the second dimension of your question about the chain of events, I well and truly respect that there are a lot of disability advocates who share that view that you put through in that question. The third aspect is, yes, I do expect that the States will be doing more contributions when it comes to ensuring that people with a disability are supported, and that is both through the contributions that we make to the NDIS—which I point out we do contribute to. We are increasing our contribution to the NDIS, in line with the agreements that were established at the NDIS at the time.

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Yes, I do accept your point that States are going to need to spend more, particularly when it comes to schools as well. We are assuming that is going to be a prime contribution we will make. What we are arguing for is for the Commonwealth to recognise that contribution, and also for us to specify and to get to national consistency about what that contribution actually is. Whilst you're very right to say that most people with a disability are not supported by the NDIS, I think that the debate is about those people who are currently supported by the NDIS who might not be after the Federal Government changes the eligibility standards, and whether or not States can step in to provide what are characterised as foundational supports.

Ms ABIGAIL BOYD: There are a couple of things going on here. There was already a lot of confusion about the foundational supports, and there seems to have been pushback from the States and Territories on the rollout. We heard from the disability Minister earlier this week in estimates that they would not be accepting cuts to the NDIS until those foundational supports had been agreed. Again, are you supporting Minister Park's comments yesterday that New South Wales won't be putting in money for this new Thriving Kids program?

The Hon. DANIEL MOOKHEY: Ms Boyd, if you don't mind, I will give you a response, but I have to take a bit of that on notice, because I didn't see Minister Park's evidence. I was in a round table yesterday. I don't know if I understand the full context, but I understand in the conversations that I've been having with Minister Park about this—to be fair to Minister Park, I think the point he's making is about the other side of all of this, which is the health agreement. What I do say in support very strongly of the point that Minister Park has made, and that I have also made, is that there is an interaction between the health agreement and the disability agreement. For us to take a position on our contribution to the Thriving Kids program, we need to know what's being offered on the health side.

Ms ABIGAIL BOYD: He was very clear. He said that his Government would not be picking up the bill for the Commonwealth's new program.

The Hon. DANIEL MOOKHEY: I'm not going to parse Minister Park's language, but I'll simply make the point that we need to see the Commonwealth's health offer in order for us to determine our position on what we can contribute to the Thriving Kids position.

Ms ABIGAIL BOYD: Did the Thriving Kids announcement take you by surprise? Were you consulted?

The Hon. DANIEL MOOKHEY: Personally, I was not consulted.

Ms ABIGAIL BOYD: Were any of the States and Territories consulted?

The Hon. DANIEL MOOKHEY: I don't know, is the answer to that, Ms Boyd. As the Federal disability Minister has made clear, this has been the subject of some conversation with disability Ministers but, to be fair, the broad answer to your question is no. The proper description of what's now termed "Thriving Kids" was announced on Wednesday.

Ms ABIGAIL BOYD: Does it strike you as unusual that it wasn't raised with the States and Territories before it was announced, given that it requires substantial funding?

The Hon. DANIEL MOOKHEY: It's not for me to characterise that, other than to say that we obviously are looking forward to the Commonwealth providing us with more detail about their intentions for foundational supports through their Thriving Kids program, and the associated health offer, which, to be fair, the Federal Government has made clear to us and has consulted us on. In the meeting that we've had at a Treasurers level in which this was raised, which was about 10 days ago, we did say at that point that we want to, as Treasurers, talk more about the health offer and the foundational support NDIS position—which we're looking forward to discussing at our next meeting.

Ms ABIGAIL BOYD: Can I ask you quickly about the EV tax. I understand it was agreed that there was going to be some sort of Federal leadership on this, and I appreciate that there have been some legal problems with the States and Territories raising this amount themselves, but as part of those negotiations was it agreed that the States and Territories would receive some of that EV tax?

The Hon. DANIEL MOOKHEY: It hasn't reached that stage.

Ms ABIGAIL BOYD: Where is it up to? What has been agreed?

The Hon. DANIEL MOOKHEY: It's reached the stage where the outcome of the roundtable discussion on the application of a potential road user charge is something which conceptually drew strong support from all participants in the round table, with the work to now be remitted to the Council on Federal Financial Relations to develop an options paper. When I say remitted to the CFFR, that options paper is being developed by Victoria and South Australia. We will participate in that process. Also, I should just say, perhaps on a little bit of an indulgence, Ms Boyd, that I also have made the point at the round table that New South Wales has got a legislated

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application of a road user charge to electric light vehicles that is due to commence in 2027, or when the new sales of the fleet reach 30 per cent, whichever is earlier.

Ms ABIGAIL BOYD: Which will probably be July 2027 at current schedule. Is your intention then that, unless the Federal Government introduces something that is acceptable to New South Wales, you will go ahead with that 2027 implementation of the road user charge?

The Hon. DANIEL MOOKHEY: We have said we are not repealing the road user charge that's been legislated by the previous Parliament and the previous Government.

Ms ABIGAIL BOYD: Given that you're not going to repeal that legislation, the review of that legislation from 2021 was supposed to have an inquiry in 2023. That was delayed on the basis that we probably wouldn't end up with this legislation.

The Hon. DANIEL MOOKHEY: I recall, yes.

Ms ABIGAIL BOYD: Will we now be having a review into that legislation?

The Hon. DANIEL MOOKHEY: It's a very good question, Ms Boyd. You're quite right to say maybe this is something we should talk about.

The CHAIR: In the disappointing absence of Government questions, we will now have a break for half an hour and reconvene at 11.15 a.m.

(Short adjournment)

The Hon. DANIEL MOOKHEY: Chair, before we go into Opposition time—and feel free to take this from Government time—do you mind if I provide some additional follow-up, with two facts, from this morning?

The CHAIR: Let's have some facts.

The Hon. DANIEL MOOKHEY: I was asked about the relative GST share of Western Australia. It turns out that the secretary was right—it's 75¢, not 78¢. Kudos to the secretary. We can further report our expectations as to what the numbers are likely to be, which I might ask the secretary to do.

MICHAEL COUTTS-TROTTER: From 2026-27, Western Australia moves to the lower of the relativity of New South Wales or Victoria—in other words, whichever of those two States has the smallest relative share of the GST pool. That will be us, and so Western Australia will go from 75¢ to 84¢. Our estimate is if they did not have this sweetheart deal in place their share of the GST would be 18¢.

The Hon. DANIEL MOOKHEY: Which they obviously object to.

The Hon. ROBERT BORSAK: That sweetheart deal you're talking about is the topping up coming from the general fund?

MICHAEL COUTTS-TROTTER: Yes, from 2018. Exactly.

The Hon. ROBERT BORSAK: Why was that done?

The CHAIR: We'll get to that, Mr Borsak. Thank you very much for that update. We'll now return to questions from the Opposition.

The Hon. DAMIEN TUDEHOPE: Treasurer, does your infrastructure budget include funding of \$193 million to develop Woollahra train station?

The Hon. DANIEL MOOKHEY: The infrastructure funding certainly is at a high level—in fact, it's at record levels. It is there to support infrastructure.

The Hon. DAMIEN TUDEHOPE: It's a fairly specific question: Does it include funding of \$193 million for Woollahra station?

The Hon. DANIEL MOOKHEY: The infrastructure program, I will say, reflects Government policy. Government policy is, of course, to make sure that we are building infrastructure, particularly when it comes to supporting housing.

The Hon. DAMIEN TUDEHOPE: Again, I ask you does it include Woollahra station?

The Hon. DANIEL MOOKHEY: Again, I'll answer by going, Mr Tudehope, that when it comes—

The Hon. DAMIEN TUDEHOPE: Have you approved \$193 million funding for Woollahra station?

CORRECTED

The Hon. DANIEL MOOKHEY: If you don't mind, I might just answer the first question before you ask me the second. The answer to the first question is that we will always look to build more homes close to public transport.

The Hon. DAMIEN TUDEHOPE: Is that a yes, you have approved \$193 million?

The Hon. DANIEL MOOKHEY: I don't have any—

The Hon. DAMIEN TUDEHOPE: It's a fairly specific figure, one I'm sure you'll have in your mind, of \$193 million. Have you approved that for the redevelopment of Woollahra station?

The Hon. DANIEL MOOKHEY: I don't have any policy announcement to make to you today, Mr Tudehope.

The Hon. DAMIEN TUDEHOPE: Tomorrow? Are you going to make it tomorrow? Maybe Sunday? Is it going to be made on Sunday?

The Hon. DANIEL MOOKHEY: I don't have any policy announcements to make to you today, Mr Tudehope.

The Hon. ROBERT BORSAK: Is it near David Shoebridge's place?

The Hon. DANIEL MOOKHEY: I did not know that the current senator—

The Hon. DAMIEN TUDEHOPE: Let me just ask you this: In relation to the consideration of the development of Woollahra, is it going to require the closure of the T4 line?

The Hon. DANIEL MOOKHEY: Again, I don't have any policy announcement to make in respect to the Woollahra station. I can simply say that the need to build housing in New South Wales is strong. When it comes to building housing in New South Wales, the reason why is because—

The Hon. DAMIEN TUDEHOPE: Will you rule it out?

The Hon. DANIEL MOOKHEY: I'm sorry, but I'm just answering the question. No, I won't be making any decision, ruling in or out.

The Hon. DAMIEN TUDEHOPE: Good. Will you be announcing it this weekend?

The Hon. BOB NANVA: Point of order: The Treasurer can more than capably answer this, I have no doubt, but Mr Tudehope has now repeatedly asked the same question a number of times. We're getting to the point of badgering the witness. I'd just ask that the courtesy resolution be upheld.

The Hon. DAMIEN TUDEHOPE: To the point of order: This is an answer which is not responsive to the question. It was a very specific question in relation to Woollahra station.

The CHAIR: Yes, I don't uphold the point of order. I think the Treasurer's answer is somewhat non-responsive, and I do think the Hon. Damien Tudehope is at liberty to pursue the matter through his line of questioning.

The Hon. DAMIEN TUDEHOPE: Have you approved \$193 million for expenditure on the development of Woollahra station?

The Hon. DANIEL MOOKHEY: Mr Tudehope, I would just refer you to my earlier answer. Given that you've asked me that question four or five times, I'd leave it to you to choose which of the earlier answers you wish to refer to.

The Hon. DAMIEN TUDEHOPE: Is the answer yes or no?

The Hon. DANIEL MOOKHEY: The answer is that we budget to fund infrastructure. I will say that when it comes to a proposition like building a train station in Woollahra, that obviously is a matter of public debate. That's a matter of public conjecture, and it's a matter of public speculation, and it's a matter of public canvassing.

The Hon. DAMIEN TUDEHOPE: But you must know—you're on oath here. This is a yes or no answer. Have you approved it?

The Hon. DANIEL MOOKHEY: I will simply say, Mr Tudehope, that the Government is always looking for every available opportunity to build more homes.

The Hon. DAMIEN TUDEHOPE: Is that an answer?

CORRECTED

The Hon. DANIEL MOOKHEY: I believe it is. I will simply say, Mr Tudehope, that when it comes to that proposition and other propositions, the reasons why—from a Government perspective, we think it's a good thing that New South Wales, and Sydney, are having this debate about where should we put the homes and what type of infrastructure should be there to support it. Whether it's in Woollahra or whether it's elsewhere in the city or the State, the fundamental truth is this: New South Wales needs to build more homes. New South Wales has not built enough homes.

The Hon. DAMIEN TUDEHOPE: We're going to agree with that, but can I just—

The Hon. DANIEL MOOKHEY: New South Wales should be building homes close to public transport.

The CHAIR: Order!

The Hon. DAMIEN TUDEHOPE: This was a very specific question. We've agreed with this proposition on a number of occasions, but this is very specific that I'm putting to the Treasurer. It's a very specific question. You must know the answer to that question. You're here on oath, and I have asked you a question whether you have approved \$193 million to be spent on Woollahra station? Have you or have you not?

The Hon. DANIEL MOOKHEY: Again, as I've said, I obviously am eager, as is the Government, to build more homes in New South Wales, close to public transport. As I've said, there is obviously a lot of public speculation and conjecture about the locations of those homes. Equally, I should just point out I am aware that the member for Vacluse has, for example—

The Hon. DAMIEN TUDEHOPE: I didn't ask you about the member for Vacluse, Treasurer.

The CHAIR: Order!

The Hon. DAMIEN TUDEHOPE: I didn't ask the Treasurer about—

The CHAIR: Yes, but the Treasurer is being relevant to the question you've asked.

The Hon. DAMIEN TUDEHOPE: Let me repeat the question: Have you or have you not approved \$193 million for the development of Woollahra station? That's very specific.

The CHAIR: I've heard the question, and we've all heard it seven or eight times. The Treasurer is answering and being relevant.

The Hon. DANIEL MOOKHEY: As I was saying, the member for Vacluse, amongst others, has participated constructively in that debate, and I—

The Hon. DAMIEN TUDEHOPE: Good. Thank you. Could I just ask you about—

The Hon. DANIEL MOOKHEY: I haven't finished.

The Hon. BOB NANVA: Point of order: Can the Treasurer please be permitted to answer the question in a way that would abide by the procedural fairness resolution and afford courtesy to the witness?

The CHAIR: I uphold the point of order. The Treasurer is being relevant to the question that was asked. Please allow the Treasurer—

The Hon. DAMIEN TUDEHOPE: Tell me how he's being relevant.

The CHAIR: Treasurer, you have the call.

The Hon. DANIEL MOOKHEY: As I was saying, whether it's in Woollahra or elsewhere in Sydney and New South Wales, I think it's right and appropriate that the Government does always look for any opportunity to build available new homes.

The Hon. DAMIEN TUDEHOPE: And you've told us that on a number of occasions. Can I ask you this: In relation to funding for Woollahra station, which you're about to announce, is it true that you're going to impose a \$15,000 additional transport-related tax in respect of the contributions for the development of that station?

The Hon. DANIEL MOOKHEY: Again, on that proposition, I haven't got any policy announcement to make today.

The Hon. DAMIEN TUDEHOPE: When? Will you make it tomorrow, or Sunday?

The Hon. DANIEL MOOKHEY: I'd refer you to the earlier answers on those two particular follow-up questions of yours, Mr Tudehope. But if you actually allow me to say more than one sentence—when it comes to the general proposition that those who benefit from infrastructure investment then contribute to enable more

CORRECTED

infrastructure investment, that's not a controversial proposition. I would say that, in fact, I've seen Liberal members say that, in the absence of such arrangements, all we're doing is handing more profits to developers.

The Hon. DAMIEN TUDEHOPE: Why won't you give me a direct answer?

The Hon. DANIEL MOOKHEY: I am, if you'd listen to it.

The Hon. DAMIEN TUDEHOPE: Give me a direct answer to the question about whether you're going to announce this weekend a development of Woollahra station.

The Hon. DANIEL MOOKHEY: You've just changed the question.

The Hon. DAMIEN TUDEHOPE: Have you allocated \$193 million? Give me a direct answer.

The Hon. DANIEL MOOKHEY: I'm very reluctant to simply do this—

The Hon. DAMIEN TUDEHOPE: I know you are.

The Hon. DANIEL MOOKHEY: —given that I've answered that particular question now, on my count, at least 10 times.

The Hon. DAMIEN TUDEHOPE: No, you haven't given me a direct answer.

The Hon. BOB NANVA: Point of order—

The Hon. DANIEL MOOKHEY: I'm happy to take that on notice.

The Hon. BOB NANVA: It goes to courtesy. The Treasurer has provided his answer.

The CHAIR: That's not quite clear. I won't uphold the point of order.

The Hon. DAMIEN TUDEHOPE: So the answer now, to the question about whether you have approved \$193 million for the development of Woollahra station, is that you have taken it on notice?

The Hon. DANIEL MOOKHEY: Yes.

The Hon. DAMIEN TUDEHOPE: Is that misleading the Committee?

The Hon. DANIEL MOOKHEY: No.

The Hon. DAMIEN TUDEHOPE: You do know the answer to that question, don't you?

The Hon. DANIEL MOOKHEY: Firstly, Mr Tudehope, without wanting to step into the role of the Chair or other members of the Committee—but, because I am a member of the upper House, I can—you know as well as I do that witnesses are entitled to take whatever they want on notice. I'm just availing myself of that right.

The Hon. DAMIEN TUDEHOPE: You can't mislead.

The Hon. DANIEL MOOKHEY: The second point is that to the extent that creates disappointment, can I refer you to the answers that I gave the first 10 times you asked me the question?

The Hon. DAMIEN TUDEHOPE: No. In one sense, the answers you've given are misleading because it was a direct question that you—

The Hon. DANIEL MOOKHEY: If you wish to characterise my answers, I wouldn't describe them as misleading.

The Hon. DAMIEN TUDEHOPE: Let me finish.

The Hon. DANIEL MOOKHEY: I'd describe them as inconvenient to you.

The Hon. DAMIEN TUDEHOPE: Just let me finish.

The Hon. DANIEL MOOKHEY: What I would simply say is that—

The Hon. DAMIEN TUDEHOPE: It is misleading. If you know the answer to the question—

The Hon. ROBERT BORSAK: He might not know the answer; he might be dumb.

The Hon. DAMIEN TUDEHOPE: He does know the answer to the question. He sits here today knowing the answer to the question but misleads the Committee.

The CHAIR: Order!

The Hon. BOB NANVA: Point of order—

CORRECTED

The CHAIR: I don't need a point of order. I'm guided by the standing orders that we adopt in the House, which are a guidance here. We are not to make imputations against others in the House. I'm guided by that. This is clearly an imputation against the Treasurer. It's not a question at all; it's just a characterisation that I don't think is helping the hearing. It'd be much more beneficial, Mr Tudehope, if you would ask a question, rather than reflect upon the witness.

The Hon. DAMIEN TUDEHOPE: Well, tell us. It's not controversial.

The Hon. BOB NANVA: Point of order—

The Hon. DAMIEN TUDEHOPE: Are you going to develop Woollahra station?

The Hon. BOB NANVA: Under paragraph 11 of the procedural fairness resolution, a witness is entitled to take a question on notice. That is exactly what he's done.

The CHAIR: Yes, that is true. I don't think I need to uphold the point of order. I just note that Mr Tudehope is entitled to keep asking the question and get the same answer, if he wants to waste his time doing so.

The Hon. DAMIEN TUDEHOPE: Tell us.

The Hon. DANIEL MOOKHEY: I don't know precisely, Mr Tudehope. I can't keep—

The Hon. DAMIEN TUDEHOPE: I'm sure there are other people outside this room who are interested in your answer right now, Treasurer. The answer which you're giving right now—there are a lot of people interested in that answer right now.

The Hon. Dr SARAH KAINE: They're interested in other things as well, though, I bet.

The Hon. DANIEL MOOKHEY: I'm struggling to—

The CHAIR: Order! That is not actually a question. That's just an observation.

The Hon. BOB NANVA: Wishful thinking.

The CHAIR: There is not actually a question there. It's probably wishful thinking.

The Hon. DAMIEN TUDEHOPE: We will see.

The CHAIR: So far, we've got one on the video.

The Hon. DANIEL MOOKHEY: You're quite right about this: There are lots of people who are very interested in how we're building more homes—

The Hon. DAMIEN TUDEHOPE: They're very interested in whether you're going to develop Woollahra station.

The Hon. DANIEL MOOKHEY: —including at Woollahra.

The Hon. DAMIEN TUDEHOPE: Correct. So answer—

The Hon. DANIEL MOOKHEY: Again, Mr Tudehope, if you would just let me answer the question—just let me do it.

The Hon. DAMIEN TUDEHOPE: Answer the question which I have put to you: Are you going to build Woollahra station? You have already allocated \$193 million for that purpose, have you not, Treasurer?

The Hon. DANIEL MOOKHEY: I certainly am telling you, if you let me, that we are absolutely determined to build more housing—

The Hon. DAMIEN TUDEHOPE: We will take that as a yes.

The Hon. DANIEL MOOKHEY: We are not going to play Whack-A-Mole in some of the suggestions that are coming forward.

The Hon. DAMIEN TUDEHOPE: We will take that as a "yes".

The Hon. DANIEL MOOKHEY: Can I just say as well—

The Hon. DAMIEN TUDEHOPE: Will it open by 2029?

The Hon. DANIEL MOOKHEY: —in large part, it has allowed for there to be a good debate about where we put more homes. I've seen people, like your friend David Elliott, make really constructive suggestions—

CORRECTED

and my friend too, I should say—about where we could put some homes. He suggested we put some in Long Bay jail, which, to be fair, is currently housing some people.

Ms SUE HIGGINSON: Too many.

The Hon. DANIEL MOOKHEY: I accept, from Ms Higginson's perspective, it's too many. Equally, there are other suggestions that have come forward about Woollahra. There are other suggestions that have come forward about where we can do some more in Newcastle, where we can do some more in the Illawarra and where we can do some more on the South Coast. This is a good debate. It's a good debate—

The Hon. DAMIEN TUDEHOPE: It's not a debate anymore, is it—

The Hon. DANIEL MOOKHEY: —for us to be having.

The Hon. DAMIEN TUDEHOPE: —because, in fact, you've made a decision.

The Hon. DANIEL MOOKHEY: When it comes to a proposition about whether it's in Woollahra or elsewhere, what is clear is that the Government is looking to build more homes for a State that sorely needs them.

The Hon. DAMIEN TUDEHOPE: We agree with you on that.

The Hon. DANIEL MOOKHEY: We're looking forward, because apparently your leader has gone from being a nimby to an ADIMBY to a yimby.

The Hon. DAMIEN TUDEHOPE: Can I just move on now?

The Hon. DANIEL MOOKHEY: Next week, who knows what position he'll have.

The Hon. DAMIEN TUDEHOPE: We've got your agreement.

The CHAIR: Order!

The Hon. DAMIEN TUDEHOPE: Everyone now knows you're going to do it.

The Hon. DANIEL MOOKHEY: I just think—

The CHAIR: Order!

The Hon. DAMIEN TUDEHOPE: He's giving a speech now.

The CHAIR: It's devolving into a farce. Could we please have a question, rather than you just spraying at each other?

The Hon. DAMIEN TUDEHOPE: Can I take you to the special appropriations Act of—

The Hon. DANIEL MOOKHEY: Given that he's a yimby now—sorry, I didn't finish the answer. Given that he is now a yimby—

The Hon. DAMIEN TUDEHOPE: It's not responsive to my question.

The Hon. DANIEL MOOKHEY: Mark Speakman is saying that he is New South Wales's leading yimby. Why, then, is his shadow Treasurer suggesting that there's a mistake in building more public housing, private housing and other housing?

The Hon. DAMIEN TUDEHOPE: Thank you, again, for your speech. Answer the question.

The CHAIR: Order!

The Hon. DANIEL MOOKHEY: I don't know—

The Hon. DAMIEN TUDEHOPE: Answer the question, Treasurer.

The CHAIR: Order! Treasurer, please stop.

The Hon. DANIEL MOOKHEY: I'm saying—

The CHAIR: Order! I call the Treasurer to order for the first time.

The Hon. DAMIEN TUDEHOPE: Thank you.

The Hon. DANIEL MOOKHEY: I didn't know you could do that.

The CHAIR: Mr Tudehope, please ask a question.

The Hon. DANIEL MOOKHEY: Witnesses can't be called to order.

CORRECTED

The CHAIR: Treasurer, please be quiet.

The Hon. DAMIEN TUDEHOPE: Thank you, Chair.

The Hon. DANIEL MOOKHEY: I'm not sure witnesses can be called to order.

The Hon. DAMIEN TUDEHOPE: Treasurer, can I take you to the special appropriations Act 2024? In section 22 of that Act, it says:

- (1) The sum of \$177,899,000 is appropriated to the Treasurer for expenditure related to the Government's conditional offer of an additional 0.5% increase to salary and salary-related allowances for eligible workers.

I'm just quoting from—

The Hon. DANIEL MOOKHEY: Which appropriation, sorry?

The Hon. DAMIEN TUDEHOPE: The Appropriation Act 2024, section 22.

The Hon. DANIEL MOOKHEY: Last year's appropriation Act?

The Hon. DAMIEN TUDEHOPE: Yes.

The Hon. DANIEL MOOKHEY: I haven't got last year's Appropriation Act.

The Hon. DAMIEN TUDEHOPE: I'll read the relevant provision to you:

- (2) The sum of \$322,700,000 is appropriated to the Treasurer for the following that are not otherwise covered by an appropriation under this Act—

as is the normal language used—

... for the appropriation year—

- (a) State contingencies,
- (b) expenditure related to the Government's election commitments,
- (c) essential services.

You are given two special appropriations—the \$177 million and the \$322 million—to cover the Government's conditional offer. How much of that did you actually end up spending? How many employees, for example, got the 0.5 per cent?

The Hon. DANIEL MOOKHEY: Let me take that on notice for you. It's a good question. As you would be aware, you're asking about the 2024-25 budget year. I appreciate you reading it out to me. My office is trying to locate the Act right now as well. The second aspect is that the audit of the 2024-25 year is underway. In large part, the answer to your question will come from that audit. That's standard. I'm happy to take it on notice to see what information we can provide to you in the interim.

The Hon. DAMIEN TUDEHOPE: The second special appropriation was the \$322.7 million. You might be able to just answer this question. Is all the spending reported in table D.3 on page D-4 of *Budget Paper No. 01*?

The Hon. DANIEL MOOKHEY: This year's budget?

The Hon. DAMIEN TUDEHOPE: This year's budget.

The Hon. DANIEL MOOKHEY: Can you give me the page reference again?

The Hon. DAMIEN TUDEHOPE: Page D-4 of *Budget Paper No. 01*. If you go to the bottom of the page—"Special Appropriation"—you will see there that there's a—

The Hon. DANIEL MOOKHEY: Which part of page D-4?

The Hon. DAMIEN TUDEHOPE: Down the bottom, it shows a special appropriation adjustment through delegation of \$34 million. Is that the only appropriation which was made out of the \$322 million?

The Hon. DANIEL MOOKHEY: I might invite the Treasury secretary to see to ensure I'm reading this correctly. The way I'm reading this is that is reporting that we reduced it by \$34 million. That's why it's in brackets.

MICHAEL COUTTS-TROTTER: I'm not sure.

The Hon. DANIEL MOOKHEY: As in, the way in which—

The Hon. DAMIEN TUDEHOPE: So the only way we're going to find out how you spent the \$322 million is—

CORRECTED

The Hon. DANIEL MOOKHEY: Now I see. Sorry, on the full page, right? What you're seeing in table D.3 is the appropriations from the Treasurer—sorry, appropriated to the Treasurer by the Parliament in last year's budget, that was then either used by department. If you read table D.3, you'll see "Attorney-General". It says "\$20 million". There was \$20 million of the special appropriation applied for the purposes of the Attorney-General or otherwise allocated to their appropriation, as there was to the Deputy Premier of 3.6, and three for the customer service Minister.

The Hon. DAMIEN TUDEHOPE: So all those came out of the \$ 322 million.

The Hon. DANIEL MOOKHEY: Yes.

The Hon. DAMIEN TUDEHOPE: If I total all those, they came out of the \$322 million.

The Hon. DANIEL MOOKHEY: It's balancing. If you total the 20, plus the three, plus the three, plus the four, plus the three, and then you take the 34, that should net to zero, which it does at the bottom. That is, the money came from the Treasurer's appropriation but was spent there.

The Hon. DAMIEN TUDEHOPE: Where was the balance spent?

The Hon. DANIEL MOOKHEY: It wasn't.

The Hon. DAMIEN TUDEHOPE: Not spent?

The Hon. DANIEL MOOKHEY: To the best of my knowledge, yes. The appropriation wasn't used. Bear in mind, appropriations are there to provide legal authority to extract from the Consolidated Fund. If you don't need to extract from the Consolidated Fund, you don't.

The Hon. DAMIEN TUDEHOPE: You didn't need to extract from the Consolidated Fund last year?

The Hon. DANIEL MOOKHEY: Well that's not true; we did. We had to extract 34.

The Hon. DAMIEN TUDEHOPE: Quite right. This year you've allocated \$868 million.

The Hon. DANIEL MOOKHEY: Yes.

The Hon. DAMIEN TUDEHOPE: How did you get to that figure?

The Hon. DANIEL MOOKHEY: Again, I'm not going to canvas too much detail of what's in that for the very simple reason that there are some matters there which are subject to processes. That is why it's in the public interest for that not to be reported, namely because we are in some disputes there that require resolutions, for which it's not possible to award an allocation to a department. The other point, which is quite crucial from a technical level, Mr Tudehope, is that the appropriations—obviously we appropriate for departments and we appropriate for the special appropriations. Sometimes we have to appropriate centrally because it's not appropriate to appropriate through the other appropriations. The other issue is—

The CHAIR: Can we have that one more time?

The Hon. DANIEL MOOKHEY: Happy to.

The CHAIR: I think that might be a first for the English language.

The Hon. DANIEL MOOKHEY: Sometimes the appropriation has to belong to the central agencies and not the line agencies. Sometimes an appropriation has to belong, as in legal authority, has to belong to the central agencies and not the line agencies.

The Hon. DAMIEN TUDEHOPE: No, I understand.

The Hon. DANIEL MOOKHEY: Otherwise what happens is that that item would otherwise be appropriated by agencies not by the central. This particular year, that had to be slightly elevated for two reasons. Firstly, there were some matters that just happened after the budget was closed, namely floods, and at this point it's not clear which department would require that appropriation. When it comes to, for example, disaster response—

The Hon. DAMIEN TUDEHOPE: It's a pretty specific figure, though, isn't it, \$868,454 million?

The Hon. DANIEL MOOKHEY: To be fair, Mr Tudehope, whether it's specific or not, the way I would characterise it is whether it's precise or not. It's a different question.

The Hon. DAMIEN TUDEHOPE: There must have been a calculation to get there.

The Hon. DANIEL MOOKHEY: It's similar to the process your government had to employ, and Treasurers Perrottet and Kean had to employ when having to manage the COVID pandemic.

CORRECTED

The Hon. DAMIEN TUDEHOPE: Never that amount of money.

The Hon. DANIEL MOOKHEY: That's not true.

The CHAIR: Order!

The Hon. DAMIEN TUDEHOPE: Except in COVID.

The Hon. DANIEL MOOKHEY: Except that one year where there was a big—

The CHAIR: Thank you very much for that, Treasurer and Mr Tudehope.

The Hon. ROBERT BORSAK: Mr Treasurer, nurses have received an offer of 3.5 per cent—no-one can argue that they deserve that; school teachers, plus 3 per cent rise in salary—again, no-one can argue; police, 4 per cent to 5 per cent per annum.

The Hon. DANIEL MOOKHEY: That's not true. Mr Tudehope argues against that.

The CHAIR: Order!

The Hon. DANIEL MOOKHEY: Sorry.

The Hon. JOHN RUDDICK: I do too.

The CHAIR: Order!

The Hon. DANIEL MOOKHEY: And Mr Ruddick.

The Hon. ROBERT BORSAK: That contribution is not helpful, Mr Treasurer.

The Hon. DANIEL MOOKHEY: Sorry, Mr Borsak.

The Hon. ROBERT BORSAK: I'm just trying to preamble this. Come on, give me a go, will you?

The Hon. DANIEL MOOKHEY: Sorry.

The Hon. ROBERT BORSAK: Even our parliamentary ranks here are limited by 3.5 per cent. Yet we see in July, the six departmental secretaries had their salaries increased to \$648,200 per annum—a raise of more than 10 per cent, approximately \$60,000 each. I understand that this is part of a special determination by the remuneration tribunal to align salaries across all secretaries. How, then, in the State's current straitened circumstances, does the Government justify handing out over a 10 per cent wage rise to the most senior, well-paid public servants in New South Wales ?

The Hon. DANIEL MOOKHEY: Mr Borsak, just a few points. When it comes to award workers, be it those award workers that are respondents to the general award—you've already nominated teachers, you've already nominated nurses as being subject to an offer. But I could also in that same category point out healthcare workers. I could also point out firefighters. There has been the emergence of pay disparities across those roles that, through the course of those negotiations, had to be addressed. In large part, that is the reason why, for example, first-year teachers in New South Wales went from being the worst paid in the country to amongst the best. Equally, when it comes to paramedics, it's also why, for example, when we reached an agreement with paramedics, we introduced two additional classifications, from memory, that gave them the opportunities for further career progression but also resolves some pay disparity issues.

The Hon. ROBERT BORSAK: Yes, but with respect, Mr Treasurer, none of them are getting 10 per cent, no matter which way you cut it.

The Hon. DANIEL MOOKHEY: That's not true, actually. Some of them got more.

The Hon. ROBERT BORSAK: Per annum?

The Hon. DANIEL MOOKHEY: Some first-year teachers got up to 15.

The Hon. ROBERT BORSAK: Sorry, what was that?

The Hon. DANIEL MOOKHEY: Up to 15.

The Hon. ROBERT BORSAK: Per annum?

The Hon. DANIEL MOOKHEY: No, one-off. One-off adjustments did take place. I think that's appropriate. I think to be fair to you, Mr Borsak, you did too—I know that you supported that. I'm the first to acknowledge that the State's departmental leaders are an unusual category of worker that required pay disparity to be resolved, but we did have people performing the same work who were not getting the same pay. That's why

CORRECTED

the Premier did refer it to the Statutory and Other Offices Remuneration Tribunal for determination that has applied that determination to allow for that adjustment one-off.

You also, incidentally, in your question made a point about politicians. You're right to point out that we have capped our own pay. We are the only category of workers in the State for which there is a wage cap now—at least for this year. That did follow a SOORT determination which otherwise would have seen politicians getting paid more. I think it's a good thing that we reduced politician pay to 3.5 to align with the offer that we provided to our award workers. I think it's good the Parliament endorsed that relatively without any controversy. I obviously thank you for your support, and I thank the Opposition for theirs, even though the Opposition did argue for a higher pay rise.

The Hon. DAMIEN TUDEHOPE: As did the Government.

The Hon. DANIEL MOOKHEY: No, that's not true.

The Hon. DAMIEN TUDEHOPE: See John Graham's submission.

The CHAIR: Order!

The Hon. ROBERT BORSAK: I'm not, at this stage, arguing for an increase in politicians' pay.

The Hon. DANIEL MOOKHEY: Of course you're not, Mr Borsak, but Mr Tudehope's party was.

The Hon. DAMIEN TUDEHOPE: What was John Graham's submission?

The CHAIR: Order!

The Hon. BOB NANVA: Less than the Opposition's.

The Hon. DAMIEN TUDEHOPE: No.

The Hon. ROBERT BORSAK: Treasurer, did the Government actually conduct any performance reviews before these increases were given to the individual secretaries?

The Hon. DANIEL MOOKHEY: The Government is obliged, every 12 months, to review the performance of its secretaries in these roles. That's what we call the secretaries' performance assessment? Is it?

MICHAEL COUTTS-TROTTER: Yes.

The Hon. ROBERT BORSAK: I don't begrudge Mr Coutts-Trotter his money, obviously.

MICHAEL COUTTS-TROTTER: Thank you.

The Hon. ROBERT BORSAK: He used to be the secretary for everything.

The Hon. DANIEL MOOKHEY: Mr Coutts-Trotter, I have maintained before and will say again, in my eye, is the nation's finest public servant.

MICHAEL COUTTS-TROTTER: Thank you.

The Hon. DANIEL MOOKHEY: He wasn't one of those secretaries that was affected by this adjustment. To be fair to Mr Coutts-Trotter, who is sitting here very politely as we discuss his pay, he—

The Hon. ROBERT BORSAK: So you missed out?

The Hon. DANIEL MOOKHEY: He did not receive any—

MICHAEL COUTTS-TROTTER: I'm fairly remunerated.

The Hon. DANIEL MOOKHEY: He was not the subject of any pay disparity.

The Hon. ROBERT BORSAK: Maybe Mr Coutts-Trotter could advocate for us, Mr Treasurer.

The Hon. DANIEL MOOKHEY: I've got to say, Mr Coutts-Trotter always advocates for the public interest. I'm sure that if he's prepared to, if you identify a cause—I'll leave it to Mr Coutts-Trotter.

The Hon. ROBERT BORSAK: I'd like to talk to you about the much-vexed question of workers compensation change.

The Hon. DANIEL MOOKHEY: Please.

The Hon. ROBERT BORSAK: And that policy. Can you explain currently what changes you're looking at in the legislation, given that it's gone to an inquiry? I'm not asking you to talk about what the inquiry will go through, but what changes were you expecting to get out of it?

CORRECTED

The Hon. DANIEL MOOKHEY: Firstly, I respect the fact that it has now gone to a second inquiry, but the changes we're looking to get out of it are fundamentally about, firstly, protecting the sustainability of the scheme; secondly, ensuring that the scheme is promoting a culture of prevention; thirdly, that it is obviously supporting injured workers and can continue to do so into the future; and, fourthly, that it is also affordable for the businesses that are contributing. I accept, Mr Borsak, that it's highly controversial, and I respect that lots of people in this room and outside of this room disagree with me.

The Hon. ROBERT BORSAK: How much in dollar terms are you looking to save?

The Hon. DANIEL MOOKHEY: In dollar terms, I'm not expecting to save any, partly because the State, in my time as Treasurer, has had to book additional liabilities that now, in my time as Treasurer, would exceed \$5 billion at least.

MICHAEL COUTTS-TROTTER: Yes.

The Hon. DANIEL MOOKHEY: At least \$5 billion has had to be booked. I don't expect to save any. I suspect that the advantage for the budget will come from it being stable.

The Hon. ROBERT BORSAK: But isn't most of that related to the public sector liability?

The Hon. DANIEL MOOKHEY: For the purposes of the budget, yes, because the Nominal Insurer does not belong to the State. You asked me about whether I intend to save. I can only make savings from the scheme for the public sector liability because there are no savings that flow from the private scheme to the public balance sheet. When it comes to the private scheme, the liabilities belong to the State's employers. To the extent to which the private scheme retreats further into deficit, which it is, the greater those liabilities are for the State's businesses, which are predominantly small businesses, of which there are 340,000 that pay premiums. Those 340,000 that are paying premiums are likely to have to contribute more to close that deficit in the absence of reform.

The Hon. ROBERT BORSAK: I know that the Legislative Assembly passed a new version of the bill.

The Hon. DANIEL MOOKHEY: It hasn't passed that yet, Mr Borsak. They've passed the first bill.

The Hon. ROBERT BORSAK: It hasn't passed yet? Sorry, I thought it had.

The Hon. DANIEL MOOKHEY: No. We just introduced a second.

The Hon. ROBERT BORSAK: Can you tell me the difference between that bill and the one that's currently under review in the upper House?

The Hon. DANIEL MOOKHEY: Yes. Firstly, in that bill, it does adopt some of the amendments that were moved by the crossbench in respect of the first bill and clarifies some of the drafting in the legal language that's there. Secondly, it also picks up some additional changes and technical adjustments that were suggested, predominantly by feedback from a variety of stakeholders. But, thirdly, it also includes some changes to the Workplace Health and Safety Act. But you are quite right to say it is a very similar bill.

The Hon. ROBERT BORSAK: Are you in negotiation with Unions NSW in relation to this bill?

The Hon. DANIEL MOOKHEY: Yes. We have been in negotiations with Unions NSW in relation to this bill and the bill that has passed the LA, as we have been in negotiations, if you wanted to use that verb, with the business community as well and, incidentally, many, many, many not-for-profit groups as well.

The Hon. JOHN RUDDICK: Mr Treasurer, the way payroll tax and land tax is structured in New South Wales means that there is an automatic tax increase every year due to bracket creep, where inflation pushes a growing percentage of businesses above the payroll tax threshold and a growing percentage of property owners above the land tax threshold. These hidden tax increases happen every year without public debate or new legislation. These tax increases could be removed by automatically indexing the threshold for payroll tax and land tax to inflation. Would you consider introducing indexation?

The Hon. DANIEL MOOKHEY: That is not yet the Government's policy as well. As we canvassed earlier this morning, Mr Ruddick, when it comes to payroll tax, Treasurer Mike Baird froze it in his 2013-2014 budget, and at the time he said that in the longer term the removal of indexation will broaden the base of payroll tax and make it more efficient. That's the law as it currently stands, as you pointed out, and that's obviously the law we're applying as government because that is the law.

The Hon. JOHN RUDDICK: Yes, but you acknowledge that it's an automatic tax increase every year.

The Hon. DANIEL MOOKHEY: I'll leave it to you and others who are campaigning for various reforms to characterise it as you see fit. Whether it's an automatic tax rise, I'll leave it for others to judge the accuracy of that language.

CORRECTED

The Hon. JOHN RUDDICK: If we have inflation, then it's automatically going to happen, and every year in my life there has been inflation.

The Hon. DANIEL MOOKHEY: No. I think the chain of transmission that you're referring to is more for payroll tax, which is if there's wage growth, you pay more tax, not if there's more inflation—as in, if the wage bill goes up, more of it is taxable. You are right to say, though, when it comes to payroll tax that for many years when there was no wage growth in the New South Wales economy, that effect that you described wasn't taking place to the degree to which some say it is now. I will simply point out that wages are growing in New South Wales. That does have consequences for payroll tax. Whether or not we can adjust payroll tax rates or the threshold, as we said last year in respect to land tax, we'll always look to see what we can do as well. But when we introduced the land tax indexation change, I made the argument then, which I repeat now, that I do think it's for Parliament to decide when to do the adjustments.

The Hon. JOHN RUDDICK: The public is not aware of what's going on here. The business owners are aware and the landowners are aware, but it's not something that sort of gets discussed in public debate, and I think it should be. Do you think it would be a good idea in the budget papers every year, just for the sake of transparency, to spell out to the people of New South Wales in the budget papers what the increase in tax was as a result of no indexation?

The Hon. DANIEL MOOKHEY: The short answer is no, I don't. The reason why is because payroll tax and land tax and stamp duties and all the other forms of revenue—the default position of all of them is that they're not indexed. In fact, there are obviously some that are automatically indexed to certain principles when it comes to revenue, so I don't feel as though it's necessary to draw out one specific tax or the other. But, also, I'm comfortable in saying that because the budget papers do contain revenue forecasts and we do provide revenue forecasts over time.

The Hon. JOHN RUDDICK: Yes, but not specifically around how much this hidden tax has brought in.

The Hon. DANIEL MOOKHEY: Sure. You're quite entitled to say that that's a piece of information that you feel as though could assist in the public debate, and I'll take that in good spirit and see whether or not we can provide some information in other forms as well. In general, though, one part of your question that I didn't respond to, which I will now, is you said words to the effect that this isn't talked about. Actually, I think it's talked about a lot. I think more and more people are talking about whether or not indexation as a principle should be applied in default taxes.

The Hon. JOHN RUDDICK: It's a debate whose time has come. I have a question for Mr Coutts-Trotter. Could you give us an estimate? How much do you think in the last budget papers the bracket creep has been around payroll tax and land tax? What's your estimate about how much extra revenue that brought into the Treasury?

MICHAEL COUTTS-TROTTER: I would have to take that on notice, Mr Ruddick. I'm happy to do so.

The Hon. JOHN RUDDICK: Thank you. It would be very interesting to see.

Ms SUE HIGGINSON: Treasurer, the perennial issue I raise with you is the Forestry Corporation.

The Hon. DANIEL MOOKHEY: Yes. Did you hear the earlier exchange?

Ms SUE HIGGINSON: I did, and thank you.

The CHAIR: You're welcome.

Ms SUE HIGGINSON: I acknowledge the Forestry Corporation does some fabulous work not logging the forests. The half-yearly last recorded losses were \$15 million. That was double what was projected, which was a fairly radical projection in and of itself. It lost \$29 million the previous financial year. That now takes the corp's hardwood division losses since 2020 to just under \$100 million—we're at \$87 million. How do we continue to justify this? I ask you to do this in the context that they are, without doubt, causing ecological disaster by this continued spend of public money.

The Hon. DANIEL MOOKHEY: Just to be clear, Ms Higginson, what is the actual question you're asking me?

Ms SUE HIGGINSON: The money in the context of the harm.

The Hon. DANIEL MOOKHEY: I can simply say that you pointed out that there was a rise in the losses in the last financial year.

Ms SUE HIGGINSON: It was double, and that's only half the year, Treasurer.

CORRECTED

The Hon. DANIEL MOOKHEY: Yes, I wasn't disputing that as a point of fact. You're quite right to have pointed out here and in previous estimates hearings and throughout the time of the Parliament that there has been litigation in regulatory issues. You're right to point out that part of what has caused that loss is the fact that Forestry, as a result of that litigation, hasn't been able to provide the wood supply, which means its variable income is lower than its fixed costs, and that's what has created the technical reasons for the loss. But as for the justification part, which I believe is the core of your question, I agree with you that whether it's sustainable or desirable from a shareholder's perspective—which I think is how you're asking me this question—I prefer government's businesses to make profits, not losses.

Ms SUE HIGGINSON: The Government promised \$80 million for the establishment of the GKNP, the Great Koala National Park. The Premier in estimates this week said that there will be more allocated to that. How much more, Treasurer?

The Hon. DANIEL MOOKHEY: Again, Ms Higginson, if you don't mind, I didn't get the chance to see the Premier's evidence.

Ms SUE HIGGINSON: He just said there would be more. It was that straightforward. How much more?

The Hon. DANIEL MOOKHEY: When the Government finalises its policy on the GKNP, you'll see the budget reflect the policy. I think the right way for me to answer that question is to say that as we reach our final decisions on the establishment of the GKNP, we expect that we'll be adjusting the budget upwards.

Ms SUE HIGGINSON: Have you settled that figure within your own department at this point?

The Hon. DANIEL MOOKHEY: Within my department?

Ms SUE HIGGINSON: Within Treasury, has that figure been settled?

The Hon. DANIEL MOOKHEY: It's fair to say that as the GKNP policy process continues, Treasury and others have canvassed a variety of different scenarios. We are finalising the policy as well. Treasury is engaged in that process, but actually—and I say this with great respect, Ms Higginson—a lot of those questions are going to have to go to Minister Sharpe.

Ms SUE HIGGINSON: Have you settled on a figure at this point in terms of an adjustment package?

The Hon. DANIEL MOOKHEY: The short answer to that is that the \$80 million that's already been established does allow the Government to have a substantially developed position, and we're confident that the first part is adequate. In terms of the full quantum required to establish the park, that obviously requires the policy to be established and then implemented. As you know, particularly because you are dealing with a contractual counterparties through the wood supply agreements, there is a bit of commercial sensitivity around that conversation that needs to be respected, from both our perspective and theirs.

Ms SUE HIGGINSON: I agree. Have you established what the quantum for that particular component of the establishment will be?

The Hon. DANIEL MOOKHEY: Perhaps the direct way I can answer that question, Ms Higginson, is to say that the \$18 million that has already been established enables the Government, Forestry Corp and the respective departments that are involved to have sufficient confidence to have conversations with contractual counterparties. But I have to respect that process. I'm not worried about whether or not it's adequate for the purposes of where we're up to now in the policy development.

Ms SUE HIGGINSON: So a component of that \$80 million will be the adjustment package for the wood supply agreements that would be impacted?

The Hon. DANIEL MOOKHEY: What I would simply say is that, as the park is established, if the need for adjustment is clear for both the businesses and the workers that are affected by the policy change, I'm certainly confident that the \$80 million is going to play a big role in that adjustment. As the Premier has said, as we conclude that policy and those conversations with both workers, which are crucially important, and with businesses, which are just as important, and with affected communities, we are expecting that we will have to make the next set of decisions from a budget perspective as well.

Ms SUE HIGGINSON: Are you saying, Treasurer, that as far as you and Treasury are concerned, you are in a position now to announce that park?

The Hon. DANIEL MOOKHEY: No. I think perhaps you're inviting me to edge a bit closer, Ms Higginson, to a position you'd like me to adopt.

Ms SUE HIGGINSON: Jump, Treasurer.

CORRECTED

The Hon. DANIEL MOOKHEY: I know. I'm picking up on the undertone. I would only observe that the park is going to be established, as the Government committed to. I suspect that work requires complex implementation and I'm confident that the Government is working through the detail that will allow us to establish the park. I guess one way of saying it is that I think the policy work needs to be completed before the budgetary aspects can be finalised.

Ms SUE HIGGINSON: Is there any calculation of the carbon generated from the forest? Is any part of that being allocated to the costs of the park creation?

The Hon. DANIEL MOOKHEY: The short answer is that the Consolidated Fund is funding the \$80 million. We haven't assumed any future—

Ms SUE HIGGINSON: No, Treasurer, the extra cost.

The Hon. DANIEL MOOKHEY: I get the question, but the answer is that the Consolidated Fund is funding the work. But you're right to say—and I know this is contested—that the potential for us to establish a method to permit the granting of Australian carbon credit units is a feature of public discussion. I think you and I have canvassed before the merits of such a policy.

Ms SUE HIGGINSON: Did you have any say or make any contribution to the \$2 million ex gratia payment to Kathleen Folbigg?

The Hon. DANIEL MOOKHEY: No.

Ms SUE HIGGINSON: Did anyone at Treasury, that you're aware of, have any—

MICHAEL COUTTS-TROTTER: No.

The Hon. DANIEL MOOKHEY: Not from a policy perspective.

Ms SUE HIGGINSON: The \$7.9 million that is in the budget for the Shooters "recreational running around with guns on Crown lands" bill, what made you put that money in the budget ahead of any law that changed the scheme?

The Hon. DANIEL MOOKHEY: Ms Higginson, you're right to say that as Treasurer I present the budget, but ultimately it is Ministers who develop policy and submissions. The motivations of the Ministers who brought that are perhaps best placed to answer your question. But I would simply say that, as Treasurer, in this budget—you're right to say that I presented one that included the \$7.2 million.

Ms SUE HIGGINSON: It was \$7.9 million.

The Hon. DANIEL MOOKHEY: Sorry. In the last budget I included \$97 million for feral pigs.

Ms SUE HIGGINSON: But this is allocated next to a private member's initiative, a bill that hadn't been passed by the Parliament. Is it ordinary for the Treasurer to sign off on that sort of thing?

The Hon. DANIEL MOOKHEY: Well, to be fair—how do I put this? When I was in opposition, I often identified policies that the Government had funded that were the result of either conversations with other parties or, for that matter, legislation that they themselves had proposed but not yet implemented. To be fair to this particular issue, regardless of what Parliament's attitude is towards that bill, the administrative apparatus changes. I think a prudent thing to do in budgets is to, ironically, make sure you are including expenses that you think you're likely to incur.

Ms SUE HIGGINSON: Would you be willing to change that line item to feral species management rather than the Shooters and Fishers slush fund?

The Hon. DANIEL MOOKHEY: Again, I'll leave it to others to characterise it by way of language. Ms Higginson, I would simply say—

The Hon. ROBERT BORSAK: You'd think I was getting the money personally.

The Hon. DANIEL MOOKHEY: —the budget, whilst presented by the Treasurer, reflects the policies of the Government. So I, as Treasurer, am not responsible for deciding those particular policies. I encourage you to speak to the Ministers, as I'm sure you will.

The Hon. DAMIEN TUDEHOPE: I was asking you, the last time we were having a discussion, about the \$868,454 million appropriation, and you correctly identified that there was a larger appropriation during COVID. Are we at that level of COVID appropriation?

The Hon. DANIEL MOOKHEY: I'll leave you to read the Appropriation Bill.

CORRECTED

The Hon. DAMIEN TUDEHOPE: Is the money set aside for IRC wage rise determinations for essential services workers—nurses, firefighters and psychiatrists? Would that potentially be a component of that?

The Hon. DANIEL MOOKHEY: The appropriation certainly does give us legal authority to spend it on matters to do with industrial relations.

The Hon. DAMIEN TUDEHOPE: So any wage rises for those bodies could come out of that appropriation?

The Hon. DANIEL MOOKHEY: You say "could". It is obviously subject to law and it's available to me, if I feel as though it complies with the law, to do so. Would it help, Mr Tudehope, if I was to give you an example of how it's been used so far for industrial relations?

The Hon. DAMIEN TUDEHOPE: Yes.

The Hon. DANIEL MOOKHEY: To this point, the only use of the appropriation for industrial relations has been to fund, for the community sector, this year's minimum wage decision. That was the policy that we announced at the NCOSS breakfast, which you attended. The use of the appropriation there arises for two reasons. Firstly, for the very technical reason that the Fair Work Commission had not decided the minimum wage by the time of the budget; and secondly, because the Government now funds those wage rises, and has for the last three years, pending the introduction of five-year contracts with the community sector. In this budget we also announced the way forward for us introducing five-year contracts with the community sector, which I think was a very welcome initiative, as you saw at that breakfast, and which I believe you supported.

Equally, I believe you supported the minimum wage decision—and I'm glad you did—in opposition. I would have preferred it if your Government had done it when in government because, to be fair, I was genuinely surprised, when I became Treasurer, about how much anxiety there was about whether or not the minimum wage increase would be funded. We had to do that in the appropriation because it wasn't known what the minimum wage decision was. That's just one example. But the final point is this—

The Hon. DAMIEN TUDEHOPE: How much was it? Can you recall?

The Hon. DANIEL MOOKHEY: I can get you the exact figures on what that is. I'm happy to take that on notice as to what it is for this year as part of the appropriation, because next year it will be reflected in the agency's appropriations. But I'll just point this out to you, Mr Tudehope, when it comes to the use of a special contingency: I could have made my budget look \$800 million better by not doing it. I could have not appropriated the \$800 million that has been appropriated this year and reported a smaller deficit. I could be making great political virtue of that—here and elsewhere. I did not, for the very simple reason that I took a conservative view, which is that sometimes you should budget for expenses that may arise rather than adjust appropriations later, which is what your Government did and was notorious for doing.

The Hon. DAMIEN TUDEHOPE: You were going well up until then.

The Hon. DANIEL MOOKHEY: Mr Tudehope, I will just say this: I could have gone to the media on budget day, Parliament the day after and the ratings agencies every day since and said, "I have achieved a faster closure of the deficit." The reason I did not was because—

The Hon. DAMIEN TUDEHOPE: I've given you a lot of latitude just to explain one example.

The Hon. DANIEL MOOKHEY: It's because I also gave you a lot of detail.

The Hon. DAMIEN TUDEHOPE: Now it has devolved into you giving a speech, Treasurer.

The Hon. DANIEL MOOKHEY: Mr Tudehope, I could have made the Government look a lot better.

The Hon. DAMIEN TUDEHOPE: I want to move on. I've got limited time.

The Hon. DANIEL MOOKHEY: Instead, what I did was budget for these expenses that include—

The Hon. DAMIEN TUDEHOPE: Treasurer—

The Hon. DANIEL MOOKHEY: —a minimum wage rise—

The Hon. DAMIEN TUDEHOPE: Point of order: This is not—

The Hon. DANIEL MOOKHEY: —for the community sector.

The Hon. DAMIEN TUDEHOPE: You were asked some questions earlier in relation to the fifty-fifty matching, which I think the Federal—

The Hon. DANIEL MOOKHEY: The fifty-fifty matching of?

CORRECTED

The Hon. DAMIEN TUDEHOPE: Just wait for me to finish the question. The fifty-fifty matching that the Federal health Minister has seemed to indicate that the States would be required to make in relation to the Thriving Kids program that he has announced. You've correctly said that the States haven't agreed to anything yet, and the details are to be sorted out. You do recall, though, that in December 2023 the Prime Minister and the Premier at the time came to an agreement—I think it was the Prime Minister—in relation to Foundational Supports in return for reaching an agreement in relation to health funding. Do you recall that?

The Hon. DANIEL MOOKHEY: The National Cabinet in 2023 did reach an agreement that said—this is the way I recall it, because you asked me if I recall it. The way I recall it is that the National Cabinet agreed to three things. The first was the three-year extension to the GST no worse off agreement, and the second was health funding agreements and NDIS support. Actually, on NDIS support, under the National Cabinet agreement from then, there was actually quite a lot of agreement around governance changes. But to be fair to you, Mr Tudehope, that's not central to your question. But the point that is central to your question was that the Premiers and the Prime Minister agreed that States would have to be better off—that is, better off after taking into account the Commonwealth contribution to hospital funding, and therefore the States' contribution to what was then described as Foundational Supports, which is now described as the Thriving Kids program. States would have to be better off.

The Hon. DAMIEN TUDEHOPE: We've got this stand-off, isn't that this position? You show me yours; I'll show you mine.

The Hon. DANIEL MOOKHEY: No, I think—

The Hon. DAMIEN TUDEHOPE: Isn't that where we're at?

The CHAIR: Order!

The Hon. DANIEL MOOKHEY: I wouldn't describe it as a stand-off. I would describe it as we are not yet reaching agreement because we want to see the Commonwealth's next health offer.

The Hon. DAMIEN TUDEHOPE: Have you disclosed what your Foundational Supports offer is, potentially?

The Hon. DANIEL MOOKHEY: The Foundational Supports offer has been canvassed ad nauseam with the Commonwealth. When you asked me how we disclosed, Mr Tudehope, I think to be fair to the States—all of them—to be fair to the Government, but to be fair to our departments, I'd be surprised if we're not up to version 100 of permutations and combinations as to what could or could not work, because these are really complex questions that involve serious, serious matters. The short answer is, yes, we have canvassed extensively with the Commonwealth about what combination of settings we think would be required for the health agreement and the Foundational Supports agreement for the States to have confidence as to whether they're better off.

The Hon. DAMIEN TUDEHOPE: In the interests of transparency, are you prepared to make that documentation available?

The Hon. DANIEL MOOKHEY: Mr Tudehope, the short answer is that in the interests of transparency, I'm being very transparent with you now. As to whether or not we're going to make the documents available, the short answer to that is, no, because we are in serious negotiations with the Commonwealth right now, as we are with every other State.

The Hon. DAMIEN TUDEHOPE: I want to go back to Woollahra.

The Hon. DANIEL MOOKHEY: The place or the question?

The Hon. DAMIEN TUDEHOPE: Minister Jackson told budget estimates today that Homes NSW has done no work in relation to your \$193 million Woollahra train station project. Why are you redeveloping land with no involvement from Homes NSW?

The Hon. DANIEL MOOKHEY: We haven't made a decision.

The Hon. DAMIEN TUDEHOPE: Can you confirm that the Minister for Housing has had no involvement in this project, even though it will involve rezoning?

The Hon. DANIEL MOOKHEY: Mr Tudehope, I think I'm going to take this question on notice, because if the Minister is providing evidence as we speak, I think it's fair and reasonable for me to see what evidence she's providing.

CORRECTED

The Hon. DAMIEN TUDEHOPE: The Premier has just told a press conference—not today, but Sunday—so either you've been misleading this Committee or you're planning an urgent meeting for tomorrow to spend \$193 million. Which is it?

The Hon. DANIEL MOOKHEY: Neither.

The Hon. DAMIEN TUDEHOPE: So there is going to be an announcement of this project on Sunday, is there? That's what the Premier has just told a media conference.

The Hon. DANIEL MOOKHEY: Mr Tudehope, I must say, I always respect the craft. As a leading practitioner of it once upon a time, I can definitely say that I would have done it differently and better.

The Hon. DAMIEN TUDEHOPE: I'm sure you would have.

The Hon. DANIEL MOOKHEY: But I respect the craft. All I will simply say is I don't know why you're trying to attack me for trying to build more homes.

The Hon. DAMIEN TUDEHOPE: I'm not.

The Hon. DANIEL MOOKHEY: You're accusing me of a secret conspiracy to help deal with the housing crisis.

The Hon. DAMIEN TUDEHOPE: No, I'm attacking you for misleading the Committee.

The Hon. DANIEL MOOKHEY: "How dare you, Treasurer, look for opportunities to build more homes in New South Wales?"

The Hon. DAMIEN TUDEHOPE: I entirely congratulate you, Premier—

The Hon. DANIEL MOOKHEY: I wouldn't have launched that attack. I'm not the Premier; I'm the Treasurer.

The Hon. DAMIEN TUDEHOPE: The Premier just announced that you're going to make the announcement on Sunday.

The Hon. DANIEL MOOKHEY: I'm the Treasurer.

The Hon. DAMIEN TUDEHOPE: Is it going to be announced on Sunday?

The Hon. DANIEL MOOKHEY: I've got to say—

The Hon. DAMIEN TUDEHOPE: The Premier has just told us there is an announcement coming on Sunday.

The Hon. DANIEL MOOKHEY: Then why are you asking me the question, Mr Tudehope?

The Hon. DAMIEN TUDEHOPE: You've been misleading the Committee up until now. Is that right?

The Hon. DANIEL MOOKHEY: I've got to say—

The Hon. DAMIEN TUDEHOPE: You've been misleading the Committee up until now.

The CHAIR: Order!

The Hon. DANIEL MOOKHEY: You're indicting me on an accusation—genuinely, you're saying that I am trying to mislead you about the Government's stated intent to build more homes.

The Hon. DAMIEN TUDEHOPE: No, I'm attempting—

The Hon. DANIEL MOOKHEY: I'm not misleading you. I'm telling you directly—just like I had to tell you that there's a hole in the M6—that we're trying to build more homes.

The Hon. DAMIEN TUDEHOPE: I asked you whether this announcement would be made on Sunday and you refused to provide me with an answer. The Premier has just—

The Hon. DANIEL MOOKHEY: You're accusing me of being engaged in a conspiracy to build more homes.

The Hon. DAMIEN TUDEHOPE: You have misled me.

The Hon. DANIEL MOOKHEY: There's no conspiracy. It's the open intent of the Government to look for every available opportunity to build more houses.

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The Hon. DAMIEN TUDEHOPE: The Premier, in budget estimates earlier this week—and I know you've been in Canberra concentrating on other things and probably haven't had a chance to catch up on it—but in the hearing on Wednesday he said that it was not the Government's intention for its workers compensation bills to remove the right of victims of workplace sexual assault caused by employer negligence to be awarded work injury damages unless the victim has been assessed as having a whole person impairment of 31 per cent. If that's not your intention, why does the bill do this?

The Hon. DANIEL MOOKHEY: Mr Tudehope, your interpretation of the bill and its effects on that particular scenario is obviously a matter of your interpretation, but I'm fairly clear that, as you'll see from the bill, the bill does provide coverage for people who are the victims of crime. I'm the first to accept that workers compensation matters are really complex, particularly when it comes to the crimes you just described. Equally, I am well and truly aware the interaction between workers compensation laws, criminal law and that feature of the work injury damages component—which, incidentally, is itself highly complicated—perhaps is too complicated for me to simply accept the manner in which you parsed it.

The Hon. DAMIEN TUDEHOPE: Well, the Bar Association had a view in relation to exactly this.

The Hon. DANIEL MOOKHEY: Yes. Again, I accept the fact that these matters are being advanced through that committee process as well, so I'm not going to provide a running commentary in this estimates hearing about that inquiry other than to say that if you, the committee or others reach a view that it could potentially be an unintended consequence, then the way in which to address that is in the debates to come in the Parliament.

The Hon. DAMIEN TUDEHOPE: In the debate in Parliament, if that in fact was the committee's view, the Government would support that position?

The Hon. DANIEL MOOKHEY: There's no proposition in front of me to test that view on, but I would absolutely say—

The Hon. DAMIEN TUDEHOPE: The Premier said that it was certainly not the intention—

The Hon. DANIEL MOOKHEY: Let me finish. As you and I have engaged at various points, constructively, about suggestions that have come forward from yourself and Mr Latham—and at various times we haven't been constructive in those conversations, for reasons to do with the nature of the amendments you're moving—I would just point out you're asking me about whether or not the intent of the Government is to exclude victims of crime from a feature of workers compensation law to do with sexual assault. I also point out that I'd invite you to consider your own position on that, because you're moving amendments that affect that question, too, that are far more likely to reach the effect that you're worried about. Whilst I'm not trying to take this opportunity to canvass our differences—because we've done that before, as well—I'd just point out that if your amendments that you're moving with Mr Latham were to be adopted, the scenario that you're pointing to is far more likely to take place than the Government's bill.

The Hon. DAMIEN TUDEHOPE: You and I can differ on that, I have to tell you, Premier.

The Hon. DANIEL MOOKHEY: Treasurer.

The Hon. DAMIEN TUDEHOPE: Treasurer. None of the amendments moved—I won't go there. In the interests of trying to get this resolved, I won't go there. What costing has Treasury done on the impact on the State's public mental health system of cutting off all medical support after 3½ years under workers compensation for psychologically injured workers with a WPI of less than 31 per cent and leaving these injured workers to seek medical support through the public health system?

The Hon. DANIEL MOOKHEY: Let me get back to you on notice about the modelling that Treasury has done.

The Hon. DAMIEN TUDEHOPE: Did you block the Minister for Work Health and Safety's Cabinet submission for expanding the coverage for presumptive cancers for firefighters?

The Hon. DANIEL MOOKHEY: Firstly, I don't comment on Cabinet matters, on the position that I've adopted or other Ministers have adopted or presented.

The Hon. DAMIEN TUDEHOPE: In relation to presumptive cancers, has the Minister for Work Health and Safety sought to advance the amendment of the Work Health and Safety Act to cover presumptive cancers?

The Hon. DANIEL MOOKHEY: It's not a secret that the Government—"Yes" is the answer. You're asking me is the Minister advancing propositions around presumptions of cancers. This is no secret, Mr Tudehope. It's been subject to extensive public comment. Yes, of course, not only has the Minister done that; she's undertaken broad public consultation about it. And to be fair—

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The Hon. DAMIEN TUDEHOPE: Sorry, just let me—

The Hon. DANIEL MOOKHEY: Sorry, let me finish. To be fair to the Minister for Work Health and Safety, so has the Minister for Emergency Services, and that's because—again, making sure that we have protections for presumptive cancers for those professional firefighters is a huge issue. I think what you confused in your question is whether she's advanced that proposition or she's advanced it through Cabinet. I can't answer about the Cabinet dimension, but I can say publicly of course she has. Not only that, she's involved you in those conversations, as she has in the Parliament.

The Hon. DAMIEN TUDEHOPE: Let me ask you about that, then. You've just told us that the Minister for Emergency Services and the Minister for Work Health and Safety have engaged in broad public consultation in relation to the issues.

The Hon. DANIEL MOOKHEY: Yes.

The Hon. DAMIEN TUDEHOPE: You'd be aware of the Standing Order 52 request for papers in relation to work done in relation to this issue, both from Treasury and from the respect of Ministers. Why have no documents been produced which evidences those consultations and, in fact, the modelling potentially in relation to those consultations?

The Hon. DANIEL MOOKHEY: I'll just say, firstly—I'd refer you to the evidence that Ms Boyd gave when I think you asked similar questions to her in her estimates hearing. That's Kate Boyd, the Secretary of The Cabinet Office, which is incidentally the institution that is responsible for whole-of-government returns of papers following orders from the House.

The Hon. DAMIEN TUDEHOPE: Is it your contention that because these consultations—

The Hon. DANIEL MOOKHEY: I'm not making any. I'm simply referring you to the point that she made, as well. I think, to be fair—

The Hon. DAMIEN TUDEHOPE: Which point do you say she made which relieves you of obligations to produce those documents to the House?

The Hon. DANIEL MOOKHEY: I think the point that she made, which I agree with, is that there is no difference in approach in terms of treating what is a Cabinet document between this Government and the former Government.

The Hon. DAMIEN TUDEHOPE: Well, the documents are not produced—

The Hon. DANIEL MOOKHEY: Well, Mr Tudehope, when I was seeking such documents when your Government was—and I was extensively using the call for order paper—I often would find that such documents were not produced.

The Hon. DAMIEN TUDEHOPE: And you didn't pursue them?

The Hon. DANIEL MOOKHEY: To be fair, Mr Tudehope, you blocked me. As the leading defender of Cabinet in confidence in the upper House, you are the member of the House who has spoken the most about the sanctity of Cabinet in confidence considerations.

The Hon. DAMIEN TUDEHOPE: Correct. So the contention you're now making is that the documentation relating to consultations with stakeholders—

The Hon. DANIEL MOOKHEY: No, I'm saying—

The Hon. DAMIEN TUDEHOPE: —are now Cabinet in confidence. Is that what you are contending?

The Hon. DANIEL MOOKHEY: I'm not. I don't reach that judgement when it comes to the production of documents. But I will simply say that—for good reason, incidentally—I only do so insofar as it applies to an order to my office, as well, and as you know, because we're following the same procedure you had to follow. But I'm not making that contention. I'm simply—

The Hon. DAMIEN TUDEHOPE: We—

The Hon. DANIEL MOOKHEY: No, Mr Tudehope, you just put something to me.

The Hon. DAMIEN TUDEHOPE: We, in fact, complied with the judgement in *Egan v Chadwick*—

The Hon. DANIEL MOOKHEY: Mr Tudehope, you just put something to me. I think it's fair and reasonable that I can respond. I am simply referring to Ms Boyd's evidence, which says that the way in which the

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production process is treated for the purposes and considerations that you're pointing to is identical to what it was in your Government.

The Hon. DAMIEN TUDEHOPE: I'll just move on from that—

The Hon. DANIEL MOOKHEY: I don't want to verbal her, but she's made the point it hasn't changed.

The Hon. DAMIEN TUDEHOPE: Just one final question, because my time is running out—whose idea was it to include the digital work systems in your second workers compensation bill?

The Hon. DANIEL MOOKHEY: Again, I'd just refer you to the Minister's second reading speech.

The Hon. DAMIEN TUDEHOPE: But whose idea was it?

The Hon. DANIEL MOOKHEY: Again, I refer you to the Minister's second reading speech. But on that particular point, that's now been presented to the lower House. The Minister has set out the reasons why; the lower House can consider it. As for that particular feature of the bill that's been proposed, I'm looking forward to talking to you and others in the lower House about it and other parts of that bill.

The CHAIR: Thank you, Treasurer. Before I hand over to Ms Boyd I'll just ask one question. Has the Treasury done any modelling on how New South Wales can meet its net zero targets—decarbonise our economy—best? In particular, has it assessed whether or not degassing—capturing the gas from our underground coal mines—is a much better way and much more economic way to reach our targets than potentially relying on some of our other sectors, such as aluminium, steel and cement, which have far greater flow-on costs to other sectors of the economy?

The Hon. DANIEL MOOKHEY: I will answer, if you don't mind, Chair, generally and then I might invite the secretary to supplement with any detail. The figures we've established in previous estimate hearings—the bulk of the Government's climate modelling is undertaken by DCCEEW, the Department of Climate Change, Energy, the Environment and Water. In addition, since we last had the opportunity to talk about this—or probably before—we've also now established a commission that plays a role in doing modelling. As a result, I don't believe Treasury has done that, at that level of specific detail. Treasury's modelling on climate—and, again, this is where I'd like the secretary to either fact-check me in real time or provide additional detail—is predominantly through the Intergenerational Report process.

MICHAEL COUTTS-TROTTER: Yes, that's true.

The Hon. DANIEL MOOKHEY: We're due to publish the Intergenerational Report.

MICHAEL COUTTS-TROTTER: Yes.

The Hon. DANIEL MOOKHEY: I've certainly asked for us to include in that two things: firstly, to continue on with, I thought, the good decision of Treasurer Kean, who I think produced the last one.

MICHAEL COUTTS-TROTTER: It was in 2021.

The Hon. DANIEL MOOKHEY: That was Treasurer Perrottet. It did include climate modelling, I believe for the first time. To have a conservative then Treasurer, who then became Premier, to include that I thought was very good. I've asked Treasury to see what we can do to expand the methodology on that, which I believe they are. Also, incidentally, for the Intergenerational Report—and this is the way in which I see what I describe as the Marvel cinema universe of estimate hearings—I'd like to plant this kernel for next year. I'm looking forward to us being able to talk about how we are using the Intergenerational Report to talk more about the future of equality in the State. That's one of the areas which we're looking at as a part of the next version of the IGR process, to see whether or not we think equality is likely to go up or down but, also, what are the economic consequences. You should go see and the movie.

MICHAEL COUTTS-TROTTER: Just one thing to add, Mr Buckingham. The NSW Productivity and Equality Commission has done the first of, potentially, two papers on the most efficient way to get to our net zero targets,¹ which I don't think has involved any original modelling but has rather drawn on the modelling that the Treasurer has referred to, to try and particularly shine a bit of a light on the so-called hard-to-abate sectors, where we're up to in our current approach and what the options are to get on trajectory—because in some sectors we are

¹ In [correspondence](#) to the committee dated 10 September 2025, Mr Michael Coutts-Trotter, Secretary, NSW Treasury, clarified their evidence.

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off trajectory, as you know—and then the relative economic costs and benefits of different approaches to each. I'm happy to make sure we get that material to you.

The CHAIR: That would be appreciated.

Ms ABIGAIL BOYD: In a response to Mr Tudehope just before, Treasurer, you said words along the lines of "foundational supports are now called Thriving Kids". I want to clarify that they are two different things.

The Hon. DANIEL MOOKHEY: It's actually not clear to us either, Ms Boyd. Perhaps I can say that the Federal Government needs to make clear—and we're looking forward to having this conversation—whether it's their view that Thriving Kids, for want of a better term, covers the field on expectations of State contributions for foundational supports. But I should say, independently of what the Federal Government says, that the New South Wales Government remains committed to providing foundation supports for our schools regardless. To what level and to what quantum, and how and when, obviously we have to work through the detail.

But part of the reasons why there has been the emergence of a national scheme is because in the process of establishing foundational supports between the States, it became pretty clear that each State has different standards and different interpretations and different delivery methods—some of which are interesting and different to here in New South Wales. For example, there are some States that would argue that they've already embedded foundational supports in their schooling systems that acquits their responsibilities to the Commonwealth—sorry, I shouldn't say "acquits"; I should say "helps". Other States have made the point that we are providing this through early childhood. Part of the reasons why there's been a need to establish clarity here is what is considered to be foundational supports for the purpose of the national scheme, and what else are States expected to do independent of that. That's something which we still have to work through the detail of.

Ms ABIGAIL BOYD: It sounds very murky.

The Hon. DANIEL MOOKHEY: I wouldn't say "murky"; I'd say "complex".

Ms ABIGAIL BOYD: There's a couple of things in what you've just said. Foundational supports is broader than just for children, for a start. And obviously—I think you're acknowledging this—it goes beyond the school system and the early childhood system, and is a much broader bunch of supports.

The Hon. DANIEL MOOKHEY: That's true. But I think, to be fair to the Commonwealth, they're not seeking State contribution for cohorts that are not children.

Ms ABIGAIL BOYD: Under the Thriving Kids—

The Hon. DANIEL MOOKHEY: Actually, under NDIS reform at this point. This is another area which, incidentally—you're quite right to say—has impeded the capacity to reach final agreement on a policy. That is, the governance mechanism around who else in the NDIS remains eligible to stay in the NDIS going forward is also subject to change. Another way of putting it is, at this point, the Commonwealth has made it clear that they think the support that is currently available to children in the NDIS needs to be provided elsewhere. The next question is, if the Federal Government wants to decide other cohorts should be supported outside the NDIS, what role do the States have in that decision?

Ms ABIGAIL BOYD: My understanding from the disability Minister is they're currently working on the zero to nine cohort, on the understanding that there are other cohorts then following that that will require foundational supports.

The Hon. DANIEL MOOKHEY: Outside the NDIS or inside the NDIS?

Ms ABIGAIL BOYD: Sorry, as part of the agreement with the Commonwealth in relation to cutting back support under the NDIS.

The Hon. DANIEL MOOKHEY: That's the reason why the States are absolutely of the view that we need to have a say in that decision.

Ms ABIGAIL BOYD: But from the perspective of children and families who are unable to get support for their children at the moment, even when they are under NDIS they are struggling to get the support they need. The foundational supports idea has created huge amount of concern and anxiety. We have raised this many, many times, and now this week we get this new announcement, in the context of the States and the Federal governments still having not worked out what they were going to do on foundational supports. It's a big mess, and people are really concerned. What is the time frame to get to certainty?

The Hon. DANIEL MOOKHEY: You're very right to point out the anxiety that this has created amongst people with a disability and those who care for them. I wish I was in a position to give you precise answers, but I'm not, other than to say that the anxiety that people with a disability feel is certainly accepted very much by the

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New South Wales Government, which is why we have been very insistent on detail, alternatives, timelines, expectations and consultation. Yes, the disability Ministers have been working on it for two years now. And, yes, the Federal Government decided this week that they would pursue that through the Thriving Kids program. But you're quite right to say these questions do deserve answers, and we are certainly wanting them for ourselves and for the communities that we represent, as well.

Ms ABIGAIL BOYD: So there is uncertainty for them. There is uncertainty for you when it comes to budget. What is the timeline to get to certainty? What are you doing to try to get an agreement? What are the States doing?

The Hon. DANIEL MOOKHEY: The States are doing this, Ms Boyd. Firstly, through the disability Ministers, we are working to sort out the details as quickly as we can, which does involve the States, which have been relatively united on this, being very clear with the Commonwealth for them to clarify many of the questions that you've asked. You're asking what the Treasurers are doing—that is implied—and I can say what we're doing. I went to Board of Treasurers as the chair. I went to all the other Treasurers, and we all agreed—it didn't really require much suggestion from me—that we want that clarity now, as well, as fast as possible. That's why we went to our CFFR meeting, which was less than two weeks—

MICHAEL COUTTS-TROTTER: Last week.

The Hon. DANIEL MOOKHEY: It was this time last week—last Friday. The States asked the Commonwealth to have this put on the next CFFR meeting, which is in two weeks. It's in early September, and we're planning to discuss it then. In the meantime, we are pressing for detail. You are right to ask about the disability aspect. I should point out that the capacity to get clarity on the disability aspect is very important, but so is the health. We care via both systems, and we should. We need to see how they are all interacting with each other. I wish I was in a position to give you more information than that, but that is what we are doing in terms of trying to get clarity on behalf of the communities that we all represent.

The Hon. ROBERT BORSAK: Eraring Power Station is the biggest power station in Australia. It is, obviously, still operational. It was sold by the previous Government and is now run by Origin Energy. It is apparently capable of providing up to 25 per cent of the State's power requirements. I think it is currently due, after the last, I suppose you would call it, government financing and extension to 2027, to close. Is it your understanding that it will actually close in 2027?

The Hon. DANIEL MOOKHEY: My understanding is, at this point, yes. I say that because I can only assume that Origin has serviced its closure notice. It hasn't yet sought to amend it. Let me double-check that detail for you, if I can. I have no further information other than that. I'll take one step back. We certainly reached an arrangement that would permit Origin to continue on until 2027. We didn't provide financing.

The Hon. ROBERT BORSAK: Sorry, you didn't?

The Hon. DANIEL MOOKHEY: We didn't.

The Hon. ROBERT BORSAK: Did you provide guarantees for financing?

The Hon. DANIEL MOOKHEY: Yes, that's true. We provided a guarantee, but not financing. I point that out as a distinction. The reason why I'm making that point, Mr Borsak, is because, when we did that, I believe that the now shadow environment Minister and the previous Treasurer said we would be paying billions. The first year of that two-year guarantee has taken place. We paid zero for the first year. Not a cent has been paid. Whilst it is the case that we've only completed the first year of that underwrite arrangement, we will know by March next year as to whether or not Origin intends to trigger the second year of that. But, as we currently stand, New South Wales taxpayers have not paid any money to Origin.

The Hon. ROBERT BORSAK: What's the upper limit of that guarantee?

The Hon. DANIEL MOOKHEY: The upper limit of that guarantee, from memory, is—it's a capped liability. For the remaining year, it would be capped at about 120, wouldn't it?

MICHAEL COUTTS-TROTTER: I thought it was mid-100s.

The Hon. DANIEL MOOKHEY: It's about mid-100s. Over the life of the extension, the worst case scenario would have seen the State say 200-ish.

MICHAEL COUTTS-TROTTER: About 220 or 230.

The Hon. DANIEL MOOKHEY: But that has now been eliminated and reduced because it wasn't triggered in its first year. I should also say, the way the underwrite works is that losses are claimable. It's complex, in terms of the schedule that sits behind it, to define what is a loss, but losses are claimable. But it's a capped

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liability that applies each year of the underwrite, not for the cumulative life of the underwrite, which means, because it wasn't triggered in its first year, the State's risk has gone down and not up. Equally, I should say that, should Origin decide to trigger the underwrite but then make a profit from the Eraring Power Station, they share that profit with the State.

The Hon. ROBERT BORSAK: Basically, you've underwritten their finance. That's what you've done.

The Hon. DANIEL MOOKHEY: No, we've underwritten, effectively, what we would describe as fuel risk. That is, should there be an unexpected rise in coal prices, akin to what took place in the aftermath of Russia's invasion of Ukraine, the State would provide assistance.

The Hon. ROBERT BORSAK: So there is a trigger price, is there?

The Hon. DANIEL MOOKHEY: Broadly speaking, not directly but indirectly. But I can get you more detail on this, Mr Borsak.

The Hon. ROBERT BORSAK: So Origin is responsible for all the repairs and maintenance. You haven't been brought to account for any of that?

The Hon. DANIEL MOOKHEY: No, we haven't. Incidentally, we've also been very—and this was a major feature of the negotiations that were undertaken with Origin. They are responsible for its maintenance. We obviously have a lot of say over what part of that maintenance is recoverable in the event of the underwrite being triggered. We made it very clear that the purpose of the underwrite was to ensure that there was price and reliability stability as we continue to build out clean, green power. Because we are trying to turn off one power system as we build another, how the two interact is obviously complicated. The purpose for the underwrite was to allow us to continue on with the build, which we're doing, and to get it back on track, which the Minister has, but, at the same time, ensure that businesses and households have price stability and reliability stability too.

The Hon. ROBERT BORSAK: Treasurer, we know that on a day-to-day basis it's reported that coal is providing something like 70 per cent of the power required on a maintainable basis in New South Wales. Is it realistic to assume that 2027 will be a shutdown date for Eraring?

The Hon. DANIEL MOOKHEY: I don't know, Mr Borsak. That's a question that now ultimately has to be answered by the private owners of the Eraring Power Station, as they now own it after the previous Government sold it. But for the purposes, I think, that you're asking as to whether the State has an interest in that question, obviously we do. We'll have to see whether or not the same factors are in place.

The Hon. ROBERT BORSAK: Can I put it another way? Have you provided, in the budget's forward estimates, for future guarantees in relation to the period after 2027?

The Hon. DANIEL MOOKHEY: No, we haven't. That's because the budget reflects policies when they are decided. It's just a bit too premature for us to make such a decision. The other point I make is that, because it's a guarantee, it doesn't require a budget provision; it requires an inclusion in our contingent liabilities. It's a very different budget question, and you will see in the budget papers that we are obviously acknowledging that there's a contingent liability for the State.

The Hon. ROBERT BORSAK: Up until 2027.

The Hon. DANIEL MOOKHEY: Yes.

The Hon. ROBERT BORSAK: And not future.

The Hon. DANIEL MOOKHEY: You don't provide forward estimates on contingent liabilities. It's just a budget accounting mechanism, because you're not paying anything unless the liability is triggered.

The Hon. DAMIEN TUDEHOPE: But you should note it as a risk.

The Hon. DANIEL MOOKHEY: Hence, we disclosed it as a contingent liability.

The Hon. ROBERT BORSAK: That's the other question: Do you take any hedge protection out in relation to that sort of thing?

The Hon. DANIEL MOOKHEY: As in, do we hedge the liability?

The Hon. ROBERT BORSAK: The contingent—

The Hon. DANIEL MOOKHEY: No, actually, but what we did do as part of the—actually, to be fair, Mr Borsak, it's a really good question, which is the way in which the State hedged it was to require them to enter into fuel contracts, because the biggest variable for which we were underwriting is fuel costs. When we entered

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into the underwrite arrangement, at that point Eraring was buying its coal from the spot market. We required them to enter into agreements to provide the coal and to fix the price.

The Hon. ROBERT BORSAK: Do you know how far out they're hedging?

The Hon. DANIEL MOOKHEY: I don't. That's a matter for them. To be fair to the private owners of Eraring Power Station, after the previous Government privatised it they obviously buy coal for Eraring, but there are other power stations. So that's a matter for them as to how they delineate it.

The Hon. ROBERT BORSAK: That's exactly right. Is the coal only Australian sourced?

The Hon. DANIEL MOOKHEY: From my understanding, historically Eraring has sourced its coal from predominantly Centennial Coal and others in the Hunter Valley. Whether they're buying offshore, I'm not sure—I doubt it.

The CHAIR: Coal to Newcastle? I doubt it.

The Hon. ROBERT BORSAK: Anything could be happening.

The Hon. DANIEL MOOKHEY: I think to be fair, Mr Borsak, whether the coal is sourced from Australia or it's sourced elsewhere, its spot prices are determined through the Newcastle coal price, I presume. That's the way in which the international coal market tends to benchmark anyway. It's a matter for Origin as to where precisely they're sourcing the coal; we simply require them to enter into contracts for coal, and to buy more of it through fixed contracts rather than through the spot market.

Ms ABIGAIL BOYD: Is there any money in the budget for the Jobs First Commission?

The Hon. DANIEL MOOKHEY: Yes.

Ms ABIGAIL BOYD: How much?

The Hon. DANIEL MOOKHEY: It was one of our bigger announcements. I think we announced \$27 million—or \$21 million. Rest assured, when the Minister for Finance is here, she would love to talk to you about this. She would love to talk to you about the additional funding we've made available for the Jobs First—sorry, I'm getting the Future—

MICHAEL COUTTS-TROTTER: Yes, I think it's \$7 million.

The Hon. DANIEL MOOKHEY: But there is money for the Jobs First Commission, too.

MICHAEL COUTTS-TROTTER: Yes, absolutely.

The Hon. DANIEL MOOKHEY: It's \$7 million. I'm getting my two commissions confused. But you should welcome the other one, too, which is the Future Jobs and Investment Authority.

Ms ABIGAIL BOYD: We can talk about that one, I guess.

The Hon. DANIEL MOOKHEY: Yes, we can.

Ms ABIGAIL BOYD: But, no, the Jobs First Commission?

The Hon. DANIEL MOOKHEY: Yes, there's money there too for that.

Ms ABIGAIL BOYD: How much?

The Hon. DANIEL MOOKHEY: About \$7 million. It is \$7 million-ish.

Ms ABIGAIL BOYD: The Policy and Guidelines: Gender Impact Assessment Policy—did either of the workers comp bills go through that process?

The Hon. DANIEL MOOKHEY: No, because they're not budget initiatives.

Ms ABIGAIL BOYD: I knew you were going to say that.

The Hon. DANIEL MOOKHEY: I suspected you did. They're not budget initiatives. They weren't presented as budget initiatives. They're not purposes for the budget; they are purposes of legislation. I should just say, when it comes to gender impact assessments, we did apply them across all of the budget proposals.

MICHAEL COUTTS-TROTTER: They are being progressively ramped up, Treasurer.

The Hon. DANIEL MOOKHEY: And we are also applying the Indigenous framework for the first time in this budget. I should just say, Ms Boyd, I thought Matt Kean introducing gender impact assessments for budget proposals was a good decision. I'm really disappointed that the shadow Treasurer has committed to abolishing

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them. I'm really disappointed that the only policy the shadow Treasurer has announced is to abolish gender impact assessments.

The Hon. DAMIEN TUDEHOPE: I might have to rethink that. I'll be schooled by you.

Ms ABIGAIL BOYD: Do you think they've actually made a difference, though, in your budget?

The Hon. DANIEL MOOKHEY: Yes, I absolutely do think they have. In fact, if you look at our wellbeing framework—

Ms ABIGAIL BOYD: I think women would disagree.

The Hon. DANIEL MOOKHEY: —you will see some of the decisions that we've made. I will say, equally, that the gender impact assessments are absolutely making a difference when it comes to our child protection policy. The record \$1.2 billion we announced, the biggest increase in child protection budgets in a generation, was heavily influenced by gender impact analysis as well. As was, last year, our record \$5.1 billion—

The Hon. DAMIEN TUDEHOPE: When are you going to approve the industrial relations Act?

Ms ABIGAIL BOYD: Yes. What about the nurses? What about DV funding?

The Hon. DANIEL MOOKHEY: If you're asking me about nurses—

Ms ABIGAIL BOYD: Yes, and DV funding.

The Hon. DANIEL MOOKHEY: —it's a very good decision. And DV funding, and all of that.

Ms ABIGAIL BOYD: And every other thing you're not doing.

The Hon. DANIEL MOOKHEY: Yes, it's also the reasons why we've increased DV funding in this budget, in the last budget and the one before that. You will be pleased to know—although it's not necessarily teased out through the gender impact assessment; it is teased out through our wellbeing statement, which, again, the finance Minister is very eager to talk about ad nauseum—that we are seeing the gender pay gap start to close. We expect actually to—

Ms ABIGAIL BOYD: The median pay gap increased.

The Hon. DANIEL MOOKHEY: Progress is being made, Ms Boyd. To be fair, I was with the ACTU yesterday, who were pointing out that the suite of policies that has been adopted by the Federal Government, various other governments, the private sector and unions are the reason why the gender pay gap is now the closest recorded. There is more work to do, but that's what Sally McManus is pointing out and that's what lots of people are. I think we should be celebrating that. You're right to say we should draw more attention to it, which is why I'm looking forward to the shadow Treasurer repealing his policy of abolishing gender impact assessments.

The CHAIR: Just before we conclude in the absence of Government questions, just one question on Woollahra, Treasurer. Can you spell it?

The Hon. DANIEL MOOKHEY: Yes, I can. I can certainly read the spelling. W-O-O-L-L-A-H-R-A.

The CHAIR: You get no biscuits for that. Thank you very much colleagues for that. Thank you very much, Treasurer and Secretary, for that. If there was anything taken on notice, and I think there was—

MICHAEL COUTTS-TROTTER: There was.

The CHAIR: —the secretariat will be in contact with you with those follow-ups and any supplementary questions. Thank you very much everyone. We will be back at 2.00 p.m.

(The Treasurer withdrew.)

(Luncheon adjournment)

Ms MARINA van der WALT, Deputy Secretary, Financial Management and Services, NSW Treasury, sworn and examined

Ms LIZ LIVINGSTONE, Deputy Secretary, Policy and Budget, NSW Treasury, sworn and examined

Ms GERALDINE CARTER, Acting Deputy Secretary, Economic Strategy and Productivity Group, NSW Treasury, affirmed and examined

Ms SONYA CAMPBELL, Deputy Secretary, Commercial, NSW Treasury, sworn and examined

CORRECTED

Mr MICHAEL GADIEL, Deputy Secretary, Procurement Reform and Banking, NSW Treasury, affirmed and examined

Ms DONNA AWAD, Executive Director, Tolling Reform, NSW Treasury, sworn and examined

Mr DAVID DEVERALL, Chief Executive, NSW Treasury Corporation, affirmed and examined

Mr TOM GELLIBRAND, Chief Executive, Infrastructure NSW, sworn and examined

Mr SAID HIRSH, Head of Strategy, Planning and Innovation, Infrastructure NSW, affirmed and examined

The CHAIR: Good afternoon, everyone. Welcome back. We are joined by additional witnesses. The Opposition will start the first 20 minutes of questions.

The Hon. CHRIS RATH: Thank you all for appearing today. I might start with tolling reform. Ms Awad, when did you cease to have direct responsibility for the direct dealing negotiations with the concessionaires on toll reform?

DONNA AWAD: Are you referring to the chief executive of NSW Motorways now having full responsibility for the direct dealing?

The Hon. CHRIS RATH: Yes.

DONNA AWAD: As of 1 July, the chief executive of NSW Motorways is now fully accountable and responsible for all things toll reform, including the direct dealing. My team and I, however, are being seconded to the Motorways entity. We're just in the midst of organising that, but at the moment we're under her direction.

The Hon. CHRIS RATH: So you'll be leaving Treasury?

DONNA AWAD: Treasury, yes.

The Hon. CHRIS RATH: That's sad. I'm sure Mr Coutts-Trotter would be sad to see you go. In June 2025 you were actively recruiting for five new roles in your team. Did you hire all of these roles, and are they still working under you?

DONNA AWAD: The recruitment process has now completed, and all roles have been filled. Some of the candidates have not yet started their new roles, but they will all start within the next couple of weeks, and my whole team will be going across to the Motorways entity.

The Hon. CHRIS RATH: What do you see as the biggest obstacles to reaching an agreement with the concessionaires?

SONYA CAMPBELL: Mr Rath, I might just jump in there, because you're asking for a matter of Ms Awad's opinion, and I don't think it's appropriate for her to comment on that here.

The Hon. CHRIS RATH: What are the challenges in reaching an agreement?

MICHAEL COUTTS-TROTTER: We are in a commercial negotiation with counterparties. I don't think it's in the taxpayers' interest for us to share our night thoughts about what the challenges may be within that negotiation.

The Hon. CHRIS RATH: Could you provide any indication of when the agreement might be reached, as a rough estimate?

MICHAEL COUTTS-TROTTER: At this point, no. We're in stage two of a direct dealing process, which, of course, is about trying to finalise the detail of an offer that the Government can then consider. We are working to expectations of Ministers that we accomplish this as rapidly as we can, without compromising the taxpayers' position in those negotiations. So it's very difficult to be exact, I'm afraid.

The Hon. CHRIS RATH: How many formal meetings has the New South Wales Government had with Transurban and related parties under the direct deal framework since the last estimates?

DONNA AWAD: I can't tell you since the last estimates, but all I can say is we generally are meeting with them about once a week. I actually, based on the questions last time, have come up with—we've had 21 meetings this year, but I can't tell you exactly how many of those were since the last estimates.

The Hon. CHRIS RATH: Maybe if you could provide on notice the number of meetings and the dates, that would be very helpful. I don't need them now, but thank you. Again, you might need to take this on notice, but how many meetings of the direct deal steering committee have been held?

CORRECTED

DONNA AWAD: Once again, I've got the numbers for the number of meetings this year. There have been 11. The steering committee as it was has now ended, of course, and a new steering committee is going to be set up by the Motorways entity, going forward.

The Hon. CHRIS RATH: What are the next toll road concessions to conclude, and when will they return to public hands as per the concession agreement?

DONNA AWAD: Sorry, can you repeat that question?

The Hon. CHRIS RATH: What are the next toll road concessions to conclude, and when will they return to public hands as per the concession agreement?

DONNA AWAD: The first one, I think, to come back to government hands is the Cross City Tunnel. I think it's in 2038, but I might have to just check that.

MICHAEL COUTTS-TROTTER: I think my colleague Ms Campbell is just having a look to see if we've got those details for you, Mr Rath.

SONYA CAMPBELL: No, I don't have the end of the concession dates. I can tell you how much the tolls are.

The Hon. CHRIS RATH: Maybe on notice? That would be great.

MICHAEL COUTTS-TROTTER: Yes, we're happy to, of course.

The Hon. CHRIS RATH: Thank you. I'm also advised that the contract of Christine Lithgow, of Christine Lithgow and Associates, by NSW Treasury regarding legal advice for toll reform was recently extended from June 2025 to June 2026. Why was that?

DONNA AWAD: Are you sure it's a Treasury contract and not a Transport one?

MICHAEL COUTTS-TROTTER: I'm pretty sure it is.

The Hon. CHRIS RATH: I think it's Treasury, but it might be Transport.

MICHAEL COUTTS-TROTTER: I'll confirm this in response, Mr Rath. From memory, this is former general counsel that we employ from time to time—one, because she's quite brilliant, but, two, we have a relatively small in-house legal team, and we augment that team by occasionally contracting from a small group of highly regarded former general counsels; Ms Lithgow is one of them. I think our general counsel, Charles Cho, has done that in order to support the tolling work.

The Hon. CHRIS RATH: Within Treasury, has any modelling been done, say, since the last estimates on a two-way toll on the Harbour Bridge?

MICHAEL COUTTS-TROTTER: I would need to take that on notice, unless—

SONYA CAMPBELL: I think, Mr Rath, the modelling is led out of Transport in terms of the traffic modelling, and there would be various scenarios modelled with different assumptions, depending on the nature of the advice requested by the Government.

The Hon. CHRIS RATH: So it's more of a question to them?

MICHAEL COUTTS-TROTTER: And, indeed, by the independent review, as who contemplated that option.

The Hon. CHRIS RATH: I might move to another issue. I'm not sure who can help me with this, but I've got some questions on the renewable fuel mandate.

MICHAEL COUTTS-TROTTER: The renewable fuel mandate.

The Hon. CHRIS RATH: Maybe it's just to you, and then anyone else who wants to chirp up—

MICHAEL COUTTS-TROTTER: A process of brutal elimination means that—

The Hon. CHRIS RATH: In the first instance, is NSW Treasury aware of the EPA's proposal to introduce a renewable fuel mandate for coalmining?

MICHAEL COUTTS-TROTTER: Personally, no. I can take it on notice to ask the question of the organisation. I don't think anyone here at the table is aware of that.

The Hon. CHRIS RATH: I have a few questions on this. It might be easier if I do them as supplementary questions, if no-one can help.

CORRECTED

SONYA CAMPBELL: Or perhaps to the Minister for Natural Resources when she's here.

The Hon. CHRIS RATH: I think it's more about input that Treasury's had. We'll ask separate questions to Natural Resources as well. I might put them as supplementary questions. There's no point going through them now if we don't have the relevant people here.

MICHAEL COUTTS-TROTTER: We're briefed to the eyeballs, but not on that, I'm afraid.

The Hon. CHRIS RATH: That's okay. I'll lodge them and you can come back to me. I'm sure someone can help me with the emergency services levy reform, though.

MICHAEL COUTTS-TROTTER: Yes, we can.

The Hon. CHRIS RATH: Through you, in the first instance, is there maybe an update on where things are at? Submissions closed on the consultation paper some time ago—sometime in May 2024. We're all eagerly awaiting the next step. Is there any update you can provide?

MICHAEL COUTTS-TROTTER: Work on the analysis is underway. I might see whether my colleague Geraldine Carter—

GERALDINE CARTER: I can probably help you. There are steps that are being undertaken. IPART is progressing the work as insurance monitor in terms of monitoring the removal of the ESL from insurance premiums. Also, we've requested ESL data from the insurance companies and from local councils in terms of the site-by-site classifications that need to be done to progress the design of the levy. That's where all the steps are at the moment. That work will be done because that will help with designing an ESL.

The Hon. CHRIS RATH: In terms of IPART, what exactly are they doing? Obviously, we're not taking the ESL off insurance premiums as yet. We're still in the very early stages. I understand that in the future they'll have a role for monitoring that process to ensure that premiums come down as the ESL comes down. What's their role or function at the moment?

GERALDINE CARTER: My understanding is that they're doing that work that they need to do so that, if it did progress and they had to have a monitoring role, they obviously need to—

MICHAEL COUTTS-TROTTER: Be ready for it.

GERALDINE CARTER: —be ready for it.

MICHAEL COUTTS-TROTTER: I think they're required under legislation to produce quarterly reports on their activities in that function. I don't have the most recent report to hand, but that would be available on their website.

The Hon. CHRIS RATH: In terms of the data collection, we're very good at collating in New South Wales data on the unimproved value of land. Historically, we haven't been very good at collecting data on the improved value of land, which I know the Government has been interested in collecting as part of this ESL process. Where is that at now? Have we collated all of that data in terms of attaining the improved value of property, should the Government go down that path for ESL reform?

MICHAEL COUTTS-TROTTER: I'd defer to Ms Carter, if you've got an update for Mr Rath.

GERALDINE CARTER: I'll have to take that as a question on notice to get the exact detail.

The Hon. CHRIS RATH: Do we have any timeline on when the Government might put forward its preferred model? Obviously, there are the four different models in the consultation paper. When can we expect a date for that?

MICHAEL COUTTS-TROTTER: That is the subject of Government consideration at the moment. I can't assure you of a date, but it is under, as we like to say, active consideration by the Government at present.

The Hon. CHRIS RATH: Is it the intent, I suppose, of the reforms that you're looking at to be budget neutral?

MICHAEL COUTTS-TROTTER: Yes, neutral in a revenue sense across the totality of people who are currently paying the ESL and would pay an alternative property levy. It's neutral in aggregate. Obviously, the distribution is a matter of the policy work that's happening at the moment to understand how the options play out distributionally.

The Hon. CHRIS RATH: Overall revenue budget neutral, essentially.

MICHAEL COUTTS-TROTTER: Yes.

CORRECTED

The Hon. CHRIS RATH: I know the Treasurer mentioned earlier today that insurance taxes are often some of the most inefficient and that it may have come up at the round table this week. Is there any more information you can provide us about what discussions were had about boosting productivity through removing insurance taxes—in particular, the ESL?

MICHAEL COUTTS-TROTTER: No. I wasn't in the room and the Treasurer was not wearing a wire.

The Hon. CHRIS RATH: I'll have to ask the Treasurer.

MICHAEL COUTTS-TROTTER: But it has been long recognised that a tax on insurance, in terms of its tax efficiency, is dreadful. We know that.

The Hon. CHRIS RATH: I think that's pretty much it from me on the ESL. Did you have anything, Damien?

The Hon. DAMIEN TUDEHOPE: Not on the ESL. Can I go to you, Ms van der Walt? The distribution forecast for various funds managed by the Government—the NIFF, the SAHF, the NGF—

MICHAEL COUTTS-TROTTER: The Social and Affordable Housing Fund, yes.

The Hon. DAMIEN TUDEHOPE: Yes.

MARINA van der WALT: The TMF.

The Hon. DAMIEN TUDEHOPE: Between the 2024-25 half-yearly report in December 2024 and the 2025-26 budget in June 2025, revisions totalling \$860.7 million were made to the distribution forecast from five Treasury funds. Are you aware of that?

MARINA van der WALT: Yes.

The Hon. DAMIEN TUDEHOPE: If I go to the NSW Generations Fund, \$220 million was not distributed in 2024-25, and the distribution breach of the following years was revised down by around \$139 million, for a total over the five-year period of \$776 million. What was the money going to be used for? What is the reason for the revision downwards?

MICHAEL COUTTS-TROTTER: I might start. Earnings from a fund are essentially above the line and below the line. Above the line are those funds that are able to be distributed—dividends. Below the line is the improvement in capital gains within the fund that we recognise, but they don't run through the operating result. Above the line is through the operating result; below the line is not through the operating result. Like other funds, we have access to a mechanism that enables you to smooth distributions across years from funds. I'm more than happy for either Marina or David to talk about the operation of the AMIT mechanism. It's a function of two things: One, we start the year with assumptions about what of the total earnings from a fund are available for distribution and what are taken as a capital gain, essentially; and then we have the ability to smooth distributions across years using the AMIT mechanism. It's not a new mechanism. It has been available and used by government historically.

MARINA van der WALT: That's correct.

The Hon. DAMIEN TUDEHOPE: That's a bit not responsive, though. You must have made some decision about distributing the funds during the relevant year, because, in fact, you made a forecast about the distribution. That has been revised downwards. Why has it been revised downwards?

MICHAEL COUTTS-TROTTER: Because our forecast was wrong. The share of the earnings of the fund in total that are available for distribution was, by the end of the year—first thing, you don't know what the actual performance of the fund will be during the year, so that explains part of the volatility. But the second element is, when you come to the end of the year, what of the earnings are actually available for distribution. We had a forecast on that, but that's a forecast in aggregate that, like all forecasts, is a best estimate. It's always wrong. It's a question of by how much.

The Hon. DAMIEN TUDEHOPE: Over the various funds, we've got it wrong by \$860 million.

MICHAEL COUTTS-TROTTER: That's not unusual when I look back at the history of forecasting and the actual available distribution from the funds.

The Hon. DAMIEN TUDEHOPE: Because in relation to the New South Wales infrastructure fund, that's been reduced downwards by \$73.594 million. Wouldn't you have thought, in terms of—

MICHAEL COUTTS-TROTTER: I should make a point in Mr. Deverall's favour, which is the total earnings of the fund actually—

CORRECTED

The Hon. DAMIEN TUDEHOPE: I was going to say, I'll come to Mr. Deverall. I'm a bit disappointed in his performance.

MICHAEL COUTTS-TROTTER: —rose significantly between the half-year estimates and the final year results, so overall the earnings are up. You're itching to pitch in, and you should.

The Hon. DAMIEN TUDEHOPE: Why is the distribution down, then?

DAVID DEVERALL: We don't look after the distribution, but I'll play into the complications of trying to forecast distributions. First up, you have to try and make an estimate of what performance is going to be, which, at the beginning of the year, is extremely difficult. We'll have long-term capital markets assumptions that say equities might be up 7 or 8 per cent, but they could be up 20 per cent or they could be down 10 per cent, so that's part of the forecasting challenge. Then the second part of the forecasting challenge is working out what is the split between, basically, dividend income and interest income and capital gains. That's probably even more complicated than the first one. You've got two levels of complication almost multiplying together to make a challenging task for Treasury, who will make some assumptions in the budget as to what the actual above-the-line contribution will be. It's complicated.

The Hon. DAMIEN TUDEHOPE: What's the formula, though, for making a decision about how much will be distributed from a fund?

DAVID DEVERALL: I'll hand it back to Treasury.

MARINA van der WALT: Those distributions are advised once a year. I think we receive that from TCorp and their custodian, and that's based on the actual fund performance. We receive those estimates in May each year, and that's when we can make an assessment of how our forecasts compared to what has actually been earned above the line.

The Hon. DAMIEN TUDEHOPE: Mr. Deverall, you've given advice in relation to the actual, I suppose, earnings which you would have—

DAVID DEVERALL: The best guess. Yes, that's right, as at May, but things can change rapidly, even in June. It can be quite a challenge. If you take particularly some of the US stocks, which typically pay very paltry dividends but might deliver an enormous return via a capital gain, then you've got the realised capital gain component, the unrealised component; it's a fiendishly difficult task. We try to provide a level of precision that, quite frankly, is impossible to do. But if you have to give point estimates, that's what you do. In an ideal world, you'd have a range around it, but you can't do that in a budget.

The CHAIR: Please continue, Mr. Tudehope.

The Hon. DAMIEN TUDEHOPE: Obviously, you've made forecasts now for—how does Government operate in that environment, relating to forecasting for distribution? A lot of these funds, the Social and Affordable Housing Fund, for example, we would have expected large—there was, obviously, a prediction for more money to go out of the Social and Affordable Housing Fund for social housing, and yet we've reduced it.

MICHAEL COUTTS-TROTTER: The two things are utterly separate. The social housing fund was established, and then assumptions were made about how much money it would earn. That was assumed as an income stream that—as you'll recall, Mr. Tudehope—the community housing sector, religious organisations who held land, others, were invited to bid back to government what year-on-year subsidy they would require to deliver additional social and affordable housing and some wraparound services. The fund provides money each year under contract—and from memory they are 20- to 25-year contracts with various consortia, mostly community housing providers and often faith-based organisations. So that money flows under contract each year, and you're not seeing that in the numbers you're looking at. What you're looking at is the returns for the assets in the fund which were assumed to earn, from memory, I think, 7 per cent a year over time. In the last year, they actually earned 12.6 per cent.

The Hon. DAMIEN TUDEHOPE: Good result.

MICHAEL COUTTS-TROTTER: Very good result.

DAVID DEVERALL: But it's difficult, those forecasting endeavours that we work on with Treasury.

MICHAEL COUTTS-TROTTER: During the course of the year, in the larger funds, Mr. Deverall and his teams and investment managers will be buying and selling assets all the time, and taking advantage of market conditions that you can't fully anticipate at the start of the year.

DAVID DEVERALL: That's right.

CORRECTED

MICHAEL COUTTS-TROTTER: It's a fiendishly difficult exercise.

DAVID DEVERALL: Herein lies the rub. We're there to maximise the returns of the fund. We're not there trying to optimise the distributions from the fund. While the two might be linked and correlated over the very long term, in the short term you will have differences there.

The Hon. DAMIEN TUDEHOPE: But the longer you retain the money in the fund without distributing the money in the fund accordingly, it helps the Government's debt position, doesn't it?

DAVID DEVERALL: Yes, absolutely.

The Hon. DAMIEN TUDEHOPE: So the non-distribution can be a way of improving your debt position.

MICHAEL COUTTS-TROTTER: Your net debt position?

The Hon. DAMIEN TUDEHOPE: And your gross debt position.

MICHAEL COUTTS-TROTTER: Potentially.

The Hon. DAMIEN TUDEHOPE: Well, yes. Who has done any work in relation to Woollahra railway station? Has anyone at the table done any work in relation to the modelling for Woollahra railway station?

MICHAEL COUTTS-TROTTER: I'd need to take that on notice.

TOM GELLIBRAND: Mr. Tudehope—

MICHAEL COUTTS-TROTTER: From the Treasury perspective—I'm sorry, Tom?

TOM GELLIBRAND: It's just that, without sounding difficult, the modelling—we haven't done any work on modelling. But in terms of work, we have, with my colleague Said, liaised with Sydney Water in terms of providing for housing across the Housing Accord period and the years beyond that, just to determine the extent to which there may be infrastructure deficits that could impact on future housing. As part of that work, which has been going on for some time with Sydney Water, we've looked at the ability of incorporating more housing in the eastern suburbs, and there has been an interest in additional housing in Edgecliff as well as Woollahra. We haven't done any modelling in terms of the actual total capacity of housing or people that might use railways, but we have been working with Sydney Water to determine that additional housing can be accommodated in those parts of the eastern suburbs.

The Hon. DAMIEN TUDEHOPE: That would require rezonings, I assume.

TOM GELLIBRAND: We haven't been involved in any of those discussions, but I think your observation is correct. If you want to increase the amount of housing in a particular area, that often requires rezoning that land to a higher density.

The Hon. DAMIEN TUDEHOPE: For the purposes of establishing the line, it would need to close, would it not, for a period of time for the purposes of establishing the new station?

TOM GELLIBRAND: I think if the specific question is about design, construction, impact on operations, they'd all be best to Transport for NSW because it would depend on their construction techniques and timing of works.

The Hon. DAMIEN TUDEHOPE: It would also have an impact on revenue, though, would it not? To the extent that that work is to be done, and \$193 million has been set aside to do that work, it may also impact upon the ability of the line to function.

TOM GELLIBRAND: If I understand your question correctly, when the line's open, the Government can enjoy revenue from patronage. When the line's closed, there's no patronage.

The Hon. DAMIEN TUDEHOPE: It would need to close if you were going to do the work.

TOM GELLIBRAND: It's a specific question that Transport would be best to answer because it would relate to their construction methodology. The line itself does close generally overnight in the wee hours of the morning, and some construction can occur in those hours. It's a question that Transport would be best placed to answer because they would be responsible for building methodology.

SAID HIRSH: To be clear, we haven't been asked that question. We've looked at the eastern suburbs broadly around the capacity to support housing from water, wastewater and other infrastructure, as we have been asked in other areas in Sydney or elsewhere. But we haven't been asked any technical questions around what would happen if you build a station there or close the line or impact on revenue. That's something we haven't been asked to do.

CORRECTED

The Hon. DAMIEN TUDEHOPE: But to get to the figure of \$193 million, some work must have been done to establish how long the line was going to be closed or the potential purchases of other property around the station. Has that work been done?

SAID HIRSH: Presumably, but it's not something we have done. As Mr Gellibrand says, it is a Transport for NSW question.

TOM GELLIBRAND: And walking in here this afternoon, I heard a number of 193.

MICHAEL COUTTS-TROTTER: We've taken that on notice.

TOM GELLIBRAND: I'm just not sure of the origin of it or where it came from.

The Hon. DAMIEN TUDEHOPE: Could you tell me on Monday?

MICHAEL COUTTS-TROTTER: We have 21 days, I think, to respond.

The Hon. DAMIEN TUDEHOPE: Just as a broad principle, is it Treasury's position that a new tax would be imposed upon developers by way of \$15,000-odd for the purposes of contributions based on the rezoning and their proximity to the new station?

MICHAEL COUTTS-TROTTER: You're asking me a hypothetical about a hypothetical, I think.

The Hon. DAMIEN TUDEHOPE: Has the Government adopted a policy to impose a new tax of \$15,000 in respect of contributions to be made by developers for development properties in proximity to the new station?

MICHAEL COUTTS-TROTTER: The Parliament has legislated the Housing and Productivity Contribution framework, which determines certain—when I say "certain", I mean clear to potential developers and investors—the contribution that attaches in different parts of Sydney to different types of developments. That's a framework that has been endorsed by the Parliament and is being used.

The Hon. DAMIEN TUDEHOPE: For a project at Woollahra, has it been agreed that \$15,000 per unit or per lot will apply to that development?

MICHAEL COUTTS-TROTTER: I don't know that there's a certain project at Woollahra, and I'd have to take the subsidiary question on notice. I simply don't know.

The Hon. DAMIEN TUDEHOPE: As a matter of policy position, that would in fact add to the cost of housing, would it not, if that amount was added to the cost of housing in the eastern suburbs?

MICHAEL COUTTS-TROTTER: This comes to the economics of attaching contributions for enabling infrastructure to facilitate housing supply. The whole point of having a clear and certain regime was to allow developers to know in advance the cost of contributions and so factor that into what they're prepared to pay for land. The incidence of the Housing and Productivity Contribution is actually on the land seller. Now, obviously there's a period of transition where that doesn't quite apply, but that is the fundamental economic design of it.

The Hon. DAMIEN TUDEHOPE: Is it the case that as a policy position the rezoning would take place within an area of 800 metres around the station?

MICHAEL COUTTS-TROTTER: No. You're anticipating a decision that I'm unaware that government has made.

The Hon. DAMIEN TUDEHOPE: That's true, but if it was to make that decision?

MICHAEL COUTTS-TROTTER: I couldn't speculate.

The Hon. DAMIEN TUDEHOPE: You'd anticipate that if that decision would be made, it would capture parts of Paddington, Double Bay and Centennial Park?

MICHAEL COUTTS-TROTTER: It's speculative. I'm sorry, I can't comment on that.

The Hon. DAMIEN TUDEHOPE: If the station was to be built, will that rezoning take place before or after it was built?

MICHAEL COUTTS-TROTTER: Again, it's highly speculative. You're asking the head of Treasury to pontificate about the decisions in the planning system on a project that is speculated but not confirmed.

The Hon. DAMIEN TUDEHOPE: It must play into the policy positions relating to the decision about whether to proceed with that policy proposal.

MICHAEL COUTTS-TROTTER: Again, I'm sorry. I just note your comment.

CORRECTED

The Hon. DAMIEN TUDEHOPE: Ms Livingstone, you've no doubt read the wonderful decision by the President of the Industrial Relations Commission in respect of the Fire Brigade Employees Union?

LIZ LIVINGSTONE: I've read parts of it. It's a hundred and—

The Hon. DAMIEN TUDEHOPE: Eighty-seven pages.

LIZ LIVINGSTONE: It's a long—

The Hon. DAMIEN TUDEHOPE: It is a long decision.

LIZ LIVINGSTONE: Yes. I can't say I've read every word, but I've read parts of it.

The Hon. DAMIEN TUDEHOPE: You gave evidence in that case?

LIZ LIVINGSTONE: I did.

The Hon. DAMIEN TUDEHOPE: You gave it on behalf of the Government?

LIZ LIVINGSTONE: I was asked to be an expert witness by the secretary of industrial relations, the Secretary of the Premier's Department.

The Hon. DAMIEN TUDEHOPE: Clearly, you're an expert witness, but you gave evidence on behalf of the Government?

LIZ LIVINGSTONE: No. As an expert witness, you give evidence on your own behalf—not on my own behalf but as an expert. It's not to advocate for any particular position.

The Hon. DAMIEN TUDEHOPE: The secretary is employed by the Government, are they not?

LIZ LIVINGSTONE: The secretary of IR?

The Hon. DAMIEN TUDEHOPE: Yes.

LIZ LIVINGSTONE: Yes.

The Hon. DAMIEN TUDEHOPE: And she was the respondent in the proceedings?

LIZ LIVINGSTONE: I think it is actually Mr Draper.

The Hon. DAMIEN TUDEHOPE: Sorry, I beg your pardon. He was the respondent in the proceedings?

LIZ LIVINGSTONE: Yes, that's correct.

The Hon. DAMIEN TUDEHOPE: And you were called as a witness for them?

LIZ LIVINGSTONE: Yes, they asked me to be an expert witness.

The Hon. DAMIEN TUDEHOPE: And you work for Treasury?

LIZ LIVINGSTONE: I work for Treasury, which is part of what gives me the expertise to play that role.

The Hon. DAMIEN TUDEHOPE: It's really semantics, isn't it, to say that you weren't giving evidence on behalf of the Government?

LIZ LIVINGSTONE: No. I think it's a really important part of the legal system to distinguish what you're there for, and if you're called as an expert witness, you're called because of your expertise to provide information related to your expertise.

The Hon. DAMIEN TUDEHOPE: The expert evidence you were giving is Treasury-based expertise. Is that right?

LIZ LIVINGSTONE: It's certainly expertise that I've gained from working at Treasury, working on the budget and assisting government to pull that budget together each year.

The Hon. DAMIEN TUDEHOPE: The evidence you gave, of course, was relied upon by the Government, was it not, for the purposes of seeking to establish their position in respect of the appropriate award which was to be made to the firefighters?

LIZ LIVINGSTONE: Could you repeat that question? I just need to understand the sequence of what you're saying.

The Hon. DAMIEN TUDEHOPE: The evidence you gave was relied upon by the respondent to maintain—

CORRECTED

LIZ LIVINGSTONE: The IR secretary asked me to provide evidence relating to some scenarios that could play out, specifically the Government's wages offer and the proposal put forward by the FBEU. What I did was provide data relating to those scenarios, submitted that under affidavit for submission to the Industrial Relations Commission and then was available to be questioned on that evidence in the proceedings.

The Hon. DAMIEN TUDEHOPE: At paragraph 39 of the judgement—have you got the judgement in front of you?

LIZ LIVINGSTONE: I have parts of it, and, in fact, do have paragraph 39.

The Hon. DAMIEN TUDEHOPE: Paragraph 39 provides that:

The Secretary contends that the Commission should award a 9% wage and wage-related increase over three years, in the form of 3% increases effective from 26 February of each year, the first of which has already been made by consent.

The secretary then goes on to say that they relied on expert reports, as you've indicated, from yourself, Mr Greg Houston and Ms Wilkie. Is Ms Wilkie not here?

MICHAEL COUTTS-TROTTER: Ms Wilkie has been appointed as the undersecretary of the West Australian Treasury. We hope that she will operate as a sleeper agent and blow up the West Australian GST deal from the inside.

The Hon. DAMIEN TUDEHOPE: A worthy appointment.

MICHAEL COUTTS-TROTTER: It's a great credit to Joann, and it's a reflection of her reputation nationally as a senior Treasury figure.

The Hon. DAMIEN TUDEHOPE: Correct. Unfortunately, she's not here and she can't answer my questions in relation to that.

MICHAEL COUTTS-TROTTER: Her only regret on taking up the job is that she could not come to estimates.

The Hon. DAMIEN TUDEHOPE: I'm sure that's the case. Mr Hewson is not here, is he? He, in fact, works for an independent firm of economists. Unfortunately, Ms Livingstone, it's you. The secretary contended that the wage rise should be 3 per cent per year.

LIZ LIVINGSTONE: The secretary did contend that.

The Hon. DAMIEN TUDEHOPE: And the evidence that you gave was in support of that contention.

LIZ LIVINGSTONE: It wasn't so much in support of that contention, but it was to provide evidence of what that would mean for the fiscal position and outlook. The Industrial Relations Commission was re-established recently, legislation was changed, and they're required to give consideration to the fiscal position and outlook of proposals put forward.

The Hon. DAMIEN TUDEHOPE: Effectively, the 3 per cent per year was the Government's position, was it not?

LIZ LIVINGSTONE: That was the Government's position. It wasn't a position that I put forward. I just modelled the costs and the impact on the fiscal position.

The Hon. DAMIEN TUDEHOPE: Indeed. It would be wrong to say that it was not the Government's position to only seek 3 per cent per year. It was the Government's position, was it not?

LIZ LIVINGSTONE: The IR secretary sought an agreement consistent with the Government's wages policy.

The Hon. DAMIEN TUDEHOPE: That's right—the wages cap that the Government imposed.

LIZ LIVINGSTONE: The wages policy doesn't include a cap.

MICHAEL COUTTS-TROTTER: It doesn't include a cap.

The Hon. DAMIEN TUDEHOPE: Well, that's just a way of construing it.

MICHAEL COUTTS-TROTTER: Well, no. If you look at the settlements that have been achieved. There have been mutual gains that have been achieved that have been paid for. In some cases they are very significant mutual gains—for example, the police.

The Hon. DAMIEN TUDEHOPE: But the Government has a position. I'll move on. At paragraph 45, the judgement moves on to say:

CORRECTED

The Secretary relied on the report prepared by Ms Livingstone, which considered the impact of the competing proposed increases in wages on the Government's fiscal position and outlook.

Nothing to change there?

LIZ LIVINGSTONE: No.

The Hon. DAMIEN TUDEHOPE: Then, in paragraph 46:

In short, Ms Livingstone's evidence was that the fiscal position and outlook of the NSW Government is challenging—
correct—

with large budget result deficits and cash deficits contributing to increasing debt, at the same time as interest rates (or the cost of borrowing) has increased. It was her evidence that any pay increase the Commission awarded, including the increases sought by the Secretary, would have a negative effect on the Government's fiscal position and outlook.

Do you stand by that?

LIZ LIVINGSTONE: You've just read part of the determination by the IRC.

The Hon. DAMIEN TUDEHOPE: It's paragraph 46.

LIZ LIVINGSTONE: Yes, that's what it says.

The Hon. DAMIEN TUDEHOPE: I'm putting on record all of your evidence. Well, not all of your evidence, but observations about your evidence. Paragraph 47 states:

Ms Livingstone's report recorded that the NSW general Government sector budget had been in deficit since 2019–20 and that the 2024–25 budget projected a further operating deficit of \$3.6 billion, being 3.1% of the General Government revenue.

Then there is the important part: paragraph 48. You should all have a copy of this judgement.

MICHAEL COUTTS-TROTTER: We're sharing it.

The Hon. DAMIEN TUDEHOPE: It states:

That projected deficit will add to existing debt levels and increase interest expenses. Ms Livingstone's report identified that the 2024-25 budget projects the general Government cash deficit over—

...

As they increase, less money is available for public services and programs. As a result, the Government must either borrow more money (which in turn increases fiscal pressure) or raise additional revenue through measures like State taxes to maintain these services.

Is that still your position?

LIZ LIVINGSTONE: I think it's fairly plain. I would say that in any instance when a government is in debt, if it wants to spend more money, it would either increase debt or increase revenue to reduce the requirement to borrow to fund any additional expenditure. It's a fairly simple proposition.

The Hon. DAMIEN TUDEHOPE: Then the conclusion starts at paragraph 52:

... it was the evidence of Ms Livingstone that any pay increase the Commission awarded would have a negative effect on the Government's fiscal position and outlook. She provided calculations to estimate the total cost of the increases proposed by each party, having regard to council and insurer contributions, including the superannuation increases.

Then, at paragraph 55:

Ms Livingstone identified that such increases would extend to an increased debt and interest burden, higher revenue requirements, increased pressures on the budget and an increase in bond yields, thereby further increasing interest expenses.

And at paragraph 56:

Ms Livingstone's report concluded by saying:

"The larger budget result deficit and the larger state debt burden under the FBEU Position means more fiscal remedial measures will be required to achieve the Government's fiscal strategy. For example this may involve decisions to reduce services or programs and/or to increase revenue (e.g. through increased or new taxes, charges or fees), which would have potential impacts on the people of New South Wales."

What services are going to be reduced?

MICHAEL COUTTS-TROTTER: I think the operative word there is "may".

The Hon. DAMIEN TUDEHOPE: What services may be—

LIZ LIVINGSTONE: I also note that the principles apply. The actual outcome is very immaterial in the context of the total budget. If you read further, the determination indicates that in this case, given that the

CORRECTED

government policy was already factored into the budget and that the increase determined by the IRC was not what the FBEU sought—

The Hon. DAMIEN TUDEHOPE: And it wasn't in the budget.

LIZ LIVINGSTONE: —the amount is immaterial to the budget.

The Hon. DAMIEN TUDEHOPE: You reckon? Because later on, of course, you start talking about precedent risk. That's an impact on the budget, surely.

LIZ LIVINGSTONE: If a precedent materialises. But it's all speculative.

The Hon. DAMIEN TUDEHOPE: What do you say the precedent risk is for the potential decision in relation to nurses and midwives?

LIZ LIVINGSTONE: I cannot comment on that. It's not my area of expertise.

The Hon. DAMIEN TUDEHOPE: Have you been asked to give evidence in that case?

LIZ LIVINGSTONE: I have been asked to give evidence in that case, but my expertise is not around predicting the precedent risk. I provide information on the scenarios that are provided to me.

The Hon. DAMIEN TUDEHOPE: On the basis of the decision which has been reached by the president and contained in his judgement, do you anticipate that the flow-on risk of the additional 2 per cent, which was not provided for in the two COVID years, would flow through to the nurses decision?

LIZ LIVINGSTONE: That will be entirely up to the IRC's judgement. It's not a decision for me to speculate on.

The Hon. DAMIEN TUDEHOPE: Well, they've told us, haven't they?

LIZ LIVINGSTONE: I don't think he's commented on the nurses.

The Hon. DAMIEN TUDEHOPE: No, he hasn't commented, but in the course of the judgement he's actually identified that one of the factors he's taking into account is the failure to keep up with CPI in the COVID years in respect of the judgement which was made by the Industrial Relations Commission during those two years. Hasn't he identified that?

LIZ LIVINGSTONE: You've got the decision, as I do.

The Hon. DAMIEN TUDEHOPE: It would flow, would it not? You're the expert.

LIZ LIVINGSTONE: I'm not the expert on precedent risk in IR matters.

The Hon. DAMIEN TUDEHOPE: You identified precedent risk:

Having calculated the impact of the parties' respective positions on the NSW debt, Ms Livingstone's report then turned to estimating the potential "precedent risk" ...

LIZ LIVINGSTONE: That was because I was asked to model the impact of a variety of scenarios. I didn't predict the probability of any of those scenarios, I just provided costings, which I think provides helpful context for the IRC about the range of possible impacts that could occur.

The Hon. DAMIEN TUDEHOPE: You've done substantial work on it because:

By this she meant the risk of the increase having what industrial practitioners would call a 'flow-on' effect, leading to increases in wages for other groups of employees. Ms Livingstone presented calculations that assumed that the FBEU's position on wages and superannuation (but not other entitlements) would be granted in full and would then flow on to all other public sector workers covered by unsettled awards across the sector.

You've done that modelling.

LIZ LIVINGSTONE: The IR secretary requested that modelling. It's not because I forecast that that's a scenario that will materialise.

The Hon. DAMIEN TUDEHOPE: Well, at least that part that you can now forecast will materialise is contained in the president's decision, is it not?

LIZ LIVINGSTONE: I don't think you can conclude that. But, again, it's not my area of expertise.

The Hon. DAMIEN TUDEHOPE: Would you not agree that at least insofar as the two COVID years, where the Industrial Relations Commission admitted that it made an error in forecasting inflation rates—in fact, I have to indicate that in those years, the president was counsel for the Government in respect of both those decisions where it was underestimated. In both those years, the commission has now found that cost-of-living

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pressures were not, in fact, maintained and awarded an additional 2 per cent for those two years, did they not, in this decision?

LIZ LIVINGSTONE: They have awarded an additional 2 per cent for those two years in this decision. They do have a set of wage fixing principles that they consider. All I do is provide evidence on the fiscal position and outlook.

The Hon. DAMIEN TUDEHOPE: If, in fact, that 2 per cent is now used as a precedent risk, what impact do you say that will have on the budget?

LIZ LIVINGSTONE: I can't tell you.

The Hon. DAMIEN TUDEHOPE: You're the expert.

LIZ LIVINGSTONE: I haven't done that work.

The Hon. DAMIEN TUDEHOPE: Because, on the basis of the precedent risk that you identified, it said this:

Her evidence was that if that were to occur, gross Government debt would increase by \$15,071.2 million over the four years to 2027-28, made up of a \$13,918.7 million increase in employee expenses and \$1,152.4 million increase in interest expenses.

LIZ LIVINGSTONE: That was a particular scenario I was asked to model. That's unrelated to the IRC's determinations.

The Hon. DAMIEN TUDEHOPE: What model was that?

LIZ LIVINGSTONE: Sorry?

The Hon. DAMIEN TUDEHOPE: What was contained in that model?

LIZ LIVINGSTONE: The modelling that the IR secretary requested in a letter of instruction was to consider whether the proposal put forward by the FBEU, which was significantly more than what the IRC determined, flowed through to other cohorts and what the impact would be.

The Hon. DAMIEN TUDEHOPE: At paragraph (59), based on your evidence, the president makes a number of conclusions. Have you read those conclusions?

LIZ LIVINGSTONE: Yes, I have.

The Hon. DAMIEN TUDEHOPE: Do you form the view that in relation to those conclusions, they are the conclusions that will apply to further wage claims currently before the commission?

LIZ LIVINGSTONE: I think each case needs to be considered on its merits and in its particular circumstances. This one in particular is quite different to others in terms of fiscal position and outlook, because the emergency services levy funds 85 per cent of the activities of the agencies that this applies to.

The Hon. DAMIEN TUDEHOPE: But that only impacts on where the actual funding for the wage increase is coming from. The emergency services levy then is passed on, but it doesn't impact the principles which apply.

LIZ LIVINGSTONE: No, but my evidence is around fiscal position and outlook. I just have to keep stressing that because it's very much contained to that focus.

The Hon. DAMIEN TUDEHOPE: Mr Coutts-Trotter, have you done any work in relation to the impact of this decision on future—

MICHAEL COUTTS-TROTTER: No. We are obviously, like many people in the public sector, going to read the decision closely to understand the commission's reasoning and the basis of its reasoning. But I think Ms Livingstone gave an excellent account of what she did do and what she didn't do. What she didn't do was exercise any kind of professional judgement on precedents. That was a scenario that she was asked to cost, delivered to her by the industrial relations secretary.

The Hon. DAMIEN TUDEHOPE: Yes, but you'd agree with this, wouldn't you, that she certainly did— and correct me if I'm wrong—identify the potential for precedent risk?

MICHAEL COUTTS-TROTTER: No, she was asked to quantify a precedent risk scenario. She wasn't making a judgement about whether there would be precedent risk. She was conducting an arithmetic exercise based on some assumptions given to her by the industrial relations secretary.

LIZ LIVINGSTONE: That's correct.

CORRECTED

The Hon. DAMIEN TUDEHOPE: Maybe you read paragraph (58) differently from me.

MICHAEL COUTTS-TROTTER: Liz was there.

The Hon. DAMIEN TUDEHOPE: The president said:

Having calculated the impact of the parties' respective positions on the NSW debt, Ms Livingstone's report then turned to estimating the potential "precedent risk" of any decision to increase firefighter remuneration.

LIZ LIVINGSTONE: I think the way the Industrial Relations Commission has described that is still as I describe. My evidence was about a scenario provided to me by the IR secretary that I did some calculations on. I did not do anything to estimate the potential of that scenario actually materialising or occurring. I just costed it so that the IRC could have that as context in their deliberations.

The Hon. DAMIEN TUDEHOPE: But the issue of precedent risk was pressed by the secretary, was it not, as part of the secretary's argument?

LIZ LIVINGSTONE: I think that's a question for the secretary.

The Hon. DAMIEN TUDEHOPE: Am I seeing him next week or the week after? Maybe I am. I will ask the secretary. As you can anticipate, I'm a bit interested in this.

MICHAEL COUTTS-TROTTER: Indeed.

The Hon. DAMIEN TUDEHOPE: It certainly appears, does it not, that the consistent approach to be taken will be in respect of the missing COVID years increase—that that is something that the Industrial Relations Commission will adopt?

LIZ LIVINGSTONE: I think that would be highly speculative. This is essentially the first of their arbitrated determinations. I don't know what conclusions we can draw.

The Hon. DAMIEN TUDEHOPE: I also have lived in an environment of precedent risk and I have to tell you, it's a precedent risk. When is the nurses' decision likely to come along?

LIZ LIVINGSTONE: The decision?

The Hon. DAMIEN TUDEHOPE: Yes.

LIZ LIVINGSTONE: It's very hard to forecast. There are hearings scheduled for late in the year, in November and December. Perhaps it's starting in October, from memory, but they're over a few weeks and then a decision would be a period of time beyond that.

The Hon. DAMIEN TUDEHOPE: An additional provision contained in the new Industrial Relations Commission Act, which has been passed by the Parliament, as an object of the Act, takes into account gender equality and gender pay differences. In considering the nurses' claim, is that something which will impact on the evidence that you will give?

LIZ LIVINGSTONE: The evidence I give is, again, as an expert witness. I'm asked by the respondent to provide facts and my expert evidence around particular scenarios. I haven't been asked to do anything that explicitly addresses gender.

The Hon. DAMIEN TUDEHOPE: Would you agree, then—well, you may not agree—that if, in fact, historical gender pay differences are taken into account in respect of nurses and midwives, as an assumption, that will produce an even larger potential outcome for nurses and midwives?

LIZ LIVINGSTONE: It's speculative. It will be up to the IRC how it considers the gender elements.

The Hon. DAMIEN TUDEHOPE: What's your view, Mr Coutts-Trotter?

MICHAEL COUTTS-TROTTER: The same as my colleague Ms Livingstone's—speculative. It's a court. It will go about its work, I'm sure, with real rigour and weigh and balance whatever evidence it seeks on that aspect of the claim.

The Hon. DAMIEN TUDEHOPE: Two factors?

MICHAEL COUTTS-TROTTER: Yes.

The Hon. DAMIEN TUDEHOPE: The 2 per cent COVID years and the gender impact. You don't see it being less than 3 per cent, do you?

MICHAEL COUTTS-TROTTER: I don't have a view.

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The Hon. DAMIEN TUDEHOPE: That is the Government's offer.

MICHAEL COUTTS-TROTTER: I don't have a view.

The Hon. DAMIEN TUDEHOPE: If it is the same as the firefighters and it is 5 per cent for the nurses, what's the impact on the budget?

MICHAEL COUTTS-TROTTER: We can take that on notice and give you a costing on that. But as Ms Livingstone said, the commission is dealing not merely with its wage fixing principles but the application of its wage fixing principles to the particulars of each case, and the particulars of the nurses' case are different to the particulars of the FBEU case.

The Hon. DAMIEN TUDEHOPE: When the objects of the Industrial Relations Commission Act were put in place and gender undervaluation of work was included as an objective of the Act, was any modelling done then in relation to the potential impact of that objective?

MICHAEL COUTTS-TROTTER: To my knowledge, no.

The Hon. DAMIEN TUDEHOPE: It could be quite significant, though, could it not? There has been a decision of the Fair Work Commission in relation to this, which gave a substantial increase in wages because of historical gender imbalance in relation to the bargaining powers of particular workforces. It potentially has a very significant impact on wage decisions, if you looked at that case.

MICHAEL COUTTS-TROTTER: Well, it is a matter for the Industrial Relations Commission.

The Hon. DAMIEN TUDEHOPE: But wouldn't Treasury want to have some view in relation to that?

MICHAEL COUTTS-TROTTER: Treasury has two roles in this matter. One is to provide expert fiscal evidence and one is to provide expert economic evidence at the request of the Industrial Relations secretary.

The Hon. DAMIEN TUDEHOPE: Let me ask you about something else.

MICHAEL COUTTS-TROTTER: Okay, terrific.

The Hon. DAMIEN TUDEHOPE: I'm sure it's terrific.

MICHAEL COUTTS-TROTTER: I just welcome whatever topic you've got.

The Hon. DAMIEN TUDEHOPE: In any event, can I ask you about SOORT determinations in relation to Sydney Water? The Premier wrote to Sydney Water, requiring them in their upcoming determinations to take the cost-of-living impacts—

MICHAEL COUTTS-TROTTER: Sorry, the IPART determination?

The Hon. DAMIEN TUDEHOPE: The IPART determination, yes indeed. Did I say something else?

MICHAEL COUTTS-TROTTER: You said SOORT.

The Hon. DAMIEN TUDEHOPE: I beg your pardon.

MICHAEL COUTTS-TROTTER: I thought you'd unearthed something I knew nothing about.

The Hon. DAMIEN TUDEHOPE: That'd be a first—cost-of-living price determinations and opportunities to adjust project timelines within the price determination period, and over the next 10 years, to minimise price impacts. Are you aware of that request—the Premier's letter?

MICHAEL COUTTS-TROTTER: Yes, this was the Premier's letter to IPART?

The Hon. DAMIEN TUDEHOPE: Yes. Clearly, that has an impact on Sydney Water's ability to fund additional water projects.

MICHAEL COUTTS-TROTTER: Well obviously IPART, as a regulator, has a great influence on Sydney Water's ability to sequence and fund infrastructure projects. The Premier's letter is a very important input, but they, under their legislation, have a framework in which they assess the price applications of Sydney Water or other regulated water utilities.

The Hon. DAMIEN TUDEHOPE: Well, there's \$5.9 billion in water infrastructure. Maybe Mr Gellibrand has some view in relation to this. In the \$118 billion infrastructure pipeline, there's \$5.9 billion included for water infrastructure. That's been reduced, or halved, down to—

MICHAEL COUTTS-TROTTER: Well, it's an interim report from the regulator, not the regulator's final report.

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SAID HIRSH: Also, just to correct—the \$5.9 billion is what IPART, in their determination, proposed to reduce the number. I can't remember the exact number—

The Hon. DAMIEN TUDEHOPE: \$118 billion.

SAID HIRSH: No, \$118 billion is the State's budget.

The Hon. DAMIEN TUDEHOPE: Sydney Water's budget.

SAID HIRSH: Sydney Water's budget is separate. The IPART draft determination, which is still interim and awaiting a final determination, proposed to reduce the number by \$5.9 billion, which is a third. So it was about 16 or 17—

The Hon. DAMIEN TUDEHOPE: Which was their total budget?

SAID HIRSH: Total budget for the next five years, proposed budget by Sydney Water. IPART proposed to reduce it by \$5.9 billion. It is not \$5.9 billion as the whole budget for water projects over the next five years.

The Hon. DAMIEN TUDEHOPE: And everyone agrees with that, as a proposal? I assume no-one disagrees with that?

MICHAEL COUTTS-TROTTER: No.

The Hon. DAMIEN TUDEHOPE: Water is a really important component of delivering housing, isn't it?

SAID HIRSH: Yes, sure.

The Hon. DAMIEN TUDEHOPE: So to reduce the amount of water infrastructure by that amount is, in fact, reducing the ability to deliver new housing.

MICHAEL COUTTS-TROTTER: No, I don't think that's true. I might encourage my colleague Tom Gellibrand, who's done considerable work on this to give us some information.

TOM GELLIBRAND: I'm happy to help in this line of inquiry.

The Hon. DAMIEN TUDEHOPE: Of course you are.

TOM GELLIBRAND: I think there's a temporal dimension that we need to be mindful of, and that is that if you are given money to invest in an asset, time is required to define, design, deliver and then implement that particular asset. So if you're thinking about time and you wanted to connect a house to the network today, you'd need to get approval for Sydney Water to do that. From our engagement with Sydney Water, the answer was universally, almost everywhere, "Yes, there is water available, you can connect." When we reflect on the interim—

The Hon. DAMIEN TUDEHOPE: It doesn't apply at Wilton, though, does it?

TOM GELLIBRAND: There are caps in place for certain developments in the Greater Macarthur-Wilton area for different reasons. Some of them go to the operational performance of sewerage treatment plants, as well as some augmentation of the water supply system. We'd start off talking more generally. If you want to connect a house to the water network, say, in the greater part of the established areas of Sydney, that capacity is available. When we've spoken to Sydney Water, they say yes.

For the next five years, there is capacity available to accept new housing in line with the targets in the housing accord period. The interim price determination by IPART is foreshadowing a reduction in capital available to Sydney Water to invest in growth, which picks up commercial, industrial and residential. But if we just stick to housing, they're talking about future assets to accommodate housing. All of those assets take time to be delivered, so there's not a direct and immediate impact on a reduction in capital availability and service availability. There's often, or can be, a delay of several years.

The Hon. DAMIEN TUDEHOPE: Well, it stands to reason that often housing is not delivered for several years, and some of the projects which potentially are in the pipeline now will not be delivered for several years. For example, if in fact Rosehill had been approved, that housing wouldn't have come online until up to 2040. I think that was one of the estimates when potentially the subdivisions and the water was delivered to that site, and whatever, and the infrastructure was delivered to that site.

TOM GELLIBRAND: I wouldn't speculate on the actual timing, but you're right, from the point in time when you're saying "We will support housing", there's a number of enabling activities that need to occur.

The Hon. DAMIEN TUDEHOPE: Well, can I put this to you? This is what the civil contractors association in Western Sydney determined. They warned that if this \$5.9 billion in proposed water infrastructure

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is delayed, then Sydney Water could only support 120,000 new homes over the next five years. Sydney Water itself has warned this would delay waterpipes and sewerage by 12-24 months for new housing in some areas. Do you disagree with that?

TOM GELLIBRAND: I don't know if I'd use the word "disagree"; I just think there's more nuance around the impact of a reduction in forward-looking capital, and I say that because there is general capacity to accommodate growth for the next five years. Now, when you say general capacity, that doesn't mean that wherever you go, whenever you go, the water will be available. Sometimes there's small augmentation required, and they're often referred to as developer works—just at the front of the property, pipes might need to be re-laid or augmented. There might need to be some local works that are undertaken. Quite often, those are actually undertaken by a developer, and then subsequently recovered from future beneficiaries, so there's an arrangement in place for that to occur. Some of that augmentation can enable housing, and it can also occur in such a way that it doesn't rely on the capital that Sydney Water would normally deploy. It's actually the market that'll say, "Well, I'm keen to go now. I'll do that little bit of augmentation."

The Hon. DAMIEN TUDEHOPE: And I think there's a proposal by Government to facilitate the developers actually doing that work?

MICHAEL COUTTS-TROTTER: Yes.

TOM GELLIBRAND: It's a longstanding arrangement that Sydney Water's had in place since well into the last century. It's called recoveries, generally.

The Hon. DAMIEN TUDEHOPE: But as a matter of principle, if we're seeking to deliver 377,000 new homes by June 2029, a decision not to invest in new water infrastructure acts as a barrier to delivering that housing, doesn't it?

TOM GELLIBRAND: Again, I choose my words carefully. I wouldn't say it's necessarily a barrier. It's just a matter that needs to be considered in a time perspective, because it's really important to reflect that the Government did make some very important investments in Sydney Water assets quite recently—I think within the last 12 months. They were sewage pumping facilities in Austral and major investments in Camellia. I think, indeed, the south creek—

The Hon. DAMIEN TUDEHOPE: Are we proceeding with the Camellia site?

TOM GELLIBRAND: There was an approval for investments to occur, which would provide for some capacity in the sewer network. Those investments have been made and, as I mentioned before, it'd take some time for those things to actually be deployed but that enables that development to go ahead. Even though IPART is foreshadowing that there might be a reduction in available capital moving forward, that doesn't mean that today we've got an extant problem, because there is a pipeline of work and there is also a pipeline of capacity, to use a slightly trite term.

The Hon. DAMIEN TUDEHOPE: Mr Coutts-Trotter, how much is paid by Sydney Water as a dividend each year?

MICHAEL COUTTS-TROTTER: That varies. Sydney Water's dividends are contained in *Budget Paper No. 01*.

The Hon. DAMIEN TUDEHOPE: Over the next four years they're due to receive about \$2 billion, aren't they?

MICHAEL COUTTS-TROTTER: From memory, that sounds about right. Bear in mind that these numbers are based on Sydney Water's application to IPART. So if IPART's final determination limits, reschedules Sydney Water's capital envelope, that could have some effect on the profitability of the business at different points in time and, therefore, its dividend return to government. One other point I'd make about the discussion you've just had is IPART is not specifying the projects Sydney Water must or must not do. It's giving it a capital envelope and, within that, it can reprioritise. The iterative response to the interim report, I think, does provide IPART to ask for and receive further information about the implications of any of this for housing delivery.

The Hon. DAMIEN TUDEHOPE: Have they done that?

MICHAEL COUTTS-TROTTER: I think they're doing that.

SONYA CAMPBELL: Sydney Water have made a submission in response to IPART's draft determination, and that's being considered by IPART now.

The Hon. DAMIEN TUDEHOPE: The Government could forego the \$2 billion dividend, could it not?

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MICHAEL COUTTS-TROTTER: Yes, it could, but—

The Hon. DAMIEN TUDEHOPE: If we had this commitment to doing water infrastructure to support housing—

MICHAEL COUTTS-TROTTER: Yes, but, in essence, that's a decision to spend \$2 billion.

SONYA CAMPBELL: There is an option for the Government to—

MICHAEL COUTTS-TROTTER: Government has a whole range of decisions available to it; that's one of them, sure.

The Hon. DAMIEN TUDEHOPE: However you want to construe it, it is money the Government doesn't have at the moment, which it is getting from Sydney Water. Rather than seek the payment of that dividend, it could allow Sydney Water to continue its capital works program, could it not?

MICHAEL COUTTS-TROTTER: I think the virtues of the State owned corporation model are well understood, and it's been well accepted by governments over a long period of time, which tries to provide the appropriate commercial incentives to drive efficiency and effectiveness. Furthermore, Sydney Water is appropriately very heavily regulated by IPART, so IPART takes that into consideration in its decision-making as well.

The Hon. DAMIEN TUDEHOPE: Where the tension exists, though, of course, is the Premier's letter to IPART in fact requiring IPART to take into account the impact on cost of living.

MICHAEL COUTTS-TROTTER: The Premier's letter is the Premier's letter. The IPART legislation requires it to consider a range of interests in making its decisions, including affordability for households, business and other water users.

The Hon. DAMIEN TUDEHOPE: The problem which exists in relation to that is it doesn't also take into account the priority to deliver housing.

MICHAEL COUTTS-TROTTER: It absolutely does, and it has been doing so through this process, because it's received submissions on the issue. As my colleague Ms Campbell just indicated, it's received a further submission from Sydney Water as well.

The Hon. DAMIEN TUDEHOPE: Mr Gellibrand, as a proportion of budget, new infrastructure spending is reduced, is it not, to 2½ per cent?

TOM GELLIBRAND: No.

MICHAEL COUTTS-TROTTER: No. In dollar terms, it's a record. The \$118 billion capital works program is at record levels. What the budget papers reveal in one of the charts is the general government infrastructure program, expressed as a percentage of gross State product. It peaked at about 3½ per cent a couple of years ago. As you look at our forward estimates, we've got it slowly coming down to 2 per cent of GSP. Of course, each year the size of the State's economy grows. By that fourth year, we're anticipating we're going to be the nation's first sub-national trillion-dollar economy. So it's 2 per cent of a growing number, but it implies a general government capital program of a bit above \$20 billion a year.

The Hon. DAMIEN TUDEHOPE: But that \$118 billion includes the \$5.9 billion which is currently under threat, doesn't it?

MICHAEL COUTTS-TROTTER: When you say "threat"—it's subject to decision-making by IPART.

The Hon. DAMIEN TUDEHOPE: There is an interim determination which seems to support that that will be cut.

MICHAEL COUTTS-TROTTER: No, I think the capital program, the \$118 billion, is—I'll just double check. You keep going, Mr Tudehope. I'll just check the numbers.

The Hon. DAMIEN TUDEHOPE: If that occurs, it will be back to about \$112 billion.

MICHAEL COUTTS-TROTTER: No, I'm pretty sure Sydney Water is on top of the 118.

The Hon. DAMIEN TUDEHOPE: I'm pretty sure it's not.

MICHAEL COUTTS-TROTTER: It's in the 118. The chart I'm referring to is chart 4.8. The light blue is both Sydney Water, other water corporations and Essential Energy. But the bulk of it, as you say, is Sydney Water's proposed capital program.

CORRECTED

The Hon. DAMIEN TUDEHOPE: Can I ask you about Glebe Island. Has any modelling been done in relation to the impact of removing Glebe Island as a working port? There is a review being done, as I understand.

MICHAEL COUTTS-TROTTER: The Cabinet Office has coordinated that work. I think it's a question best directed to them. They've engaged with a whole range of agencies, including Treasury. They've also engaged, of course, with the Port Authority.

The Hon. DAMIEN TUDEHOPE: To the extent that they've engaged with Treasury, what does Treasury see as the impact of removing Glebe Island as an active working port or some sort of hybrid model?

MICHAEL COUTTS-TROTTER: I'm not sure Treasury has expressed a corporate view on that. I think we've been involved in discussions analysing what the options would be if you move those functions from Glebe Island—where could they go, when would they go there and what are the costs associated with that happening.

The Hon. DAMIEN TUDEHOPE: And the options include potentially moving to Port Kembla, does it not?

MICHAEL COUTTS-TROTTER: From memory, that is one of the options, yes.

The Hon. DAMIEN TUDEHOPE: Is it Treasury's view that Port Kembla is a viable alternative to Glebe Island?

MICHAEL COUTTS-TROTTER: I would need to take that on notice.

SONYA CAMPBELL: That would be a matter for the transport Minister, I think.

MICHAEL COUTTS-TROTTER: Yes.

The Hon. DAMIEN TUDEHOPE: There would have to be some modelling, which the transport Minister would have to look at to be able to say—

MICHAEL COUTTS-TROTTER: We would be relying on the expertise of our colleagues in Transport.

SONYA CAMPBELL: That's right.

The Hon. DAMIEN TUDEHOPE: Are you aware when a decision is going to be made on that?

MICHAEL COUTTS-TROTTER: No, I'm not.

The Hon. DAMIEN TUDEHOPE: Mr Coutts-Trotter, do you or any of your colleagues use WhatsApp as a messaging system?

MICHAEL COUTTS-TROTTER: Yes, I do.

The Hon. DAMIEN TUDEHOPE: Do you record the decisions which are reached or other communications which are—

MICHAEL COUTTS-TROTTER: It's a good question you raise. I think people conflate the media with the message. Regardless of the medium—WhatsApp, Signal or me waving to David Deverall across Martin Place—if we are communicating a decision of significance, we've got to keep that record, whether it's WhatsApp or any other medium. The medium is irrelevant. The question under State records is, is this a record of the State that needs to be kept?

The Hon. DAMIEN TUDEHOPE: I agree with that. There are never any returns to papers which include WhatsApp messaging. Would that surprise you?

MICHAEL COUTTS-TROTTER: In my case—

The Hon. DAMIEN TUDEHOPE: I'm not sure, in your case.

MICHAEL COUTTS-TROTTER: In my case it would be the family WhatsApp. I don't think the Parliament would take much interest in it.

The Hon. DAMIEN TUDEHOPE: Do secretaries communicate with each other on WhatsApp?

MICHAEL COUTTS-TROTTER: In New South Wales? No, I don't think that's usual. It's usual just to text message.

The Hon. DAMIEN TUDEHOPE: On Signal?

MICHAEL COUTTS-TROTTER: No, that seems to be a cultural feature of the leaders of Commonwealth departments.

CORRECTED

The Hon. DAMIEN TUDEHOPE: It's a cultural feature of the leaders of New South Wales State departments.

MICHAEL COUTTS-TROTTER: I do have Signal. I have used it to communicate with Commonwealth colleagues, but it's mostly just gossip and chitchat.

The Hon. DAMIEN TUDEHOPE: In respect of communications with the Minister, do you use WhatsApp or Signal?

MICHAEL COUTTS-TROTTER: No, I usually speak with the Minister. Otherwise, it would be a text message.

The Hon. DAMIEN TUDEHOPE: Text messages don't have the ability to disappear.

MICHAEL COUTTS-TROTTER: No, I've not found a way to disappear yet.

The Hon. DAMIEN TUDEHOPE: You've looked?

MICHAEL COUTTS-TROTTER: I'm still looking!

The Hon. DAMIEN TUDEHOPE: I want to put this to you in your capacity as a secretary. The issue relating to disappearing messages both on Signal and WhatsApp—there are myriad of these other platforms that are used for sending messages. Is there a policy position that disappearing messages should not be used in communications between colleagues?

MICHAEL COUTTS-TROTTER: The most important thing—as I say, is the fundamental—is the decision that needs to be recorded as a State record. We might be talking on the phone when you're my Minister and you may ask me to do something that I need to take a note of. The voice conversation has gone into the ether, but I've taken a note. You could do exactly the same thing on a Signal communication that itself had disappeared. You would take a note about it to record the basis of your decision-making. You look past the media and look to the principle, which is that we need to be accountable to the public for the decisions we take. We need to ensure we have adequate records of the basis on which we make decisions and the fact that we have made a decision.

The Hon. DAMIEN TUDEHOPE: As a matter of principle, that's right. I don't argue with any of that.

MICHAEL COUTTS-TROTTER: And then, in the case of disappearing messages on a platform, obviously, the task is to ensure that people in the public sector who may be using that platform understand the principle that sits behind it so that they record appropriately.

The Hon. DAMIEN TUDEHOPE: To the extent that potential disappearing messages may act as an impediment to proper record keeping, even inadvertently, it would be a—

MICHAEL COUTTS-TROTTER: Within Treasury, I would discourage it because I think you can forget. I would encourage people to behave as we currently do, which is to have a really close regard to our obligations under the State Records Act. But this is just something you have to keep raising awareness of inside public sector organisations. It's not that people want to do the wrong thing, but sometimes they forget the principles that underpin all of this. You need to remind them of the principles and why we keep good records.

The Hon. DAMIEN TUDEHOPE: Does New South Wales need a new prison?

MICHAEL COUTTS-TROTTER: I don't know.

The Hon. DAMIEN TUDEHOPE: There are increasing numbers of people being held on remand. Has any advice been sought from you?

MICHAEL COUTTS-TROTTER: No, but I do recall in previous roles that during the previous Government there was very significant investment in expanding the capacity of prisons, which actually allowed the retirement or the temporary or permanent closure—

The Hon. DAMIEN TUDEHOPE: I think it was against a background where there were retiring prisons.

MICHAEL COUTTS-TROTTER: Both permanently closed and capacity within prisons that have now been mothballed and replaced with newer, higher quality, more functional and safer environments that are safer for prison staff and safer for inmates. I would imagine there's still quite a bit of latent capacity in the system. But, of course, it's a judgement for our colleagues in DCJ and in corrections about, if the prison population does rise, what the options are within the existing prison footprint to accommodate that rise or whether or not they come forward with new proposals.

The Hon. DAMIEN TUDEHOPE: Is there a trigger? Obviously, bed numbers, I suppose, are the trigger.

CORRECTED

MICHAEL COUTTS-TROTTER: Corrections has a pretty sophisticated understanding of all of this, through all of the work of planning, building and delivering the change to the prison estate in the last decade. Obviously, remand prisoners need to be located in particular places so that, if you get pressure on the remand population—it's a particular pressure. It has different implications to a rising population of sentenced prisoners.

The Hon. DAMIEN TUDEHOPE: It might be entirely for the Minister to answer, but I'm going to ask the question anyway. One way of reducing prison numbers and the pressure on the system is, of course, bracelets. What is the cost of embarking upon bracelets for monitoring people on remand as opposed to including them as part of the prison population?

MICHAEL COUTTS-TROTTER: Mr Tudehope, I'd have to refer that to my colleagues in DCJ.

The Hon. DAMIEN TUDEHOPE: You're unaware, are you?

MICHAEL COUTTS-TROTTER: I'm aware of previous work that is, as I say, some years old now. But, yes, a lot of work was done at the time to look at a whole range of options to try and ensure community safety in different settings, including people on remand in the community, people on bail in the community or people in the community on corrections orders or intensive corrections orders.

The Hon. DAMIEN TUDEHOPE: I'm just about exhausted, since I have no other colleagues here to support me. You might be grateful, on a Friday afternoon, if I give you an early mark and you can get away.

MICHAEL COUTTS-TROTTER: We are.

The Hon. DAMIEN TUDEHOPE: Is there anyone I haven't asked a question of? Mr Gadiel, I haven't asked you any. You get a free pass.

DONNA AWAD: I can probably answer some of the questions I took on notice earlier, if that's okay.

The Hon. DAMIEN TUDEHOPE: Yes, by all means.

DONNA AWAD: Firstly, the first concession to come back to government is the Cross City Tunnel, but it's coming back in December 2035. I was only a few years off.

The Hon. DAMIEN TUDEHOPE: It's only a few. That's okay.

DONNA AWAD: In terms of the number of meetings the negotiation team has had with the concessionaires this year, 17 of them happened after last budget estimates. In terms of steering committees, of all the steering committees we've held this year so far, 10 of those have happened after the last budget estimates.

The CHAIR: Are there any more?

GERALDINE CARTER: I can add one question on notice about ESL and improved land value. No, the team hasn't collected improved land values at this stage.

The Hon. CHRIS RATH: Do we know when that process might be completed?

GERALDINE CARTER: My understanding is that the data is quite complex and costly to collect. Until they're ready to progress to the next stage, they won't progress that work.

The CHAIR: Thank you to all our public officials for your attendance and for not being exhausted by Mr Tudehope. We very much appreciate your attendance and the work you do for the people of New South Wales. If there were any matters taken on notice or there are any supplementary questions, the secretariat will be in contact with you in due course. Thank you, again. We will see you next time.

(The witnesses withdrew.)

The Committee proceeded to deliberate.