

2019 Budget Estimates

Questions on Notice

Treasury Cluster

Cost of NCAT proceedings

Question 1

The CHAIR: I declare the proposed expenditure for the portfolio of Jobs, Investment, Tourism and Western Sydney open for examination. This session will go from 9.30 a.m. to 11.30 a.m. with the rotation of the Opposition and the crossbench for 20 minutes at a time. We will start with the Opposition. I have a couple of questions to start with. Minister, are you aware that there has been a long-running legal dispute between Destination NSW [DNSW] and *The Sydney Morning Herald*?

Mr STUART AYRES: What is your definition of long-running legal dispute? If you are referring to the NSW Civil and Administrative Tribunal [NCAT], it has probably been resolved.

The CHAIR: Four years is a fairly long-running dispute in relation to a freedom of information request.

Mr STUART AYRES: NCAT made rulings and Destination NSW adhered to all of those rulings.

The CHAIR: Sure, but I understand that there is a proposal that Destination NSW be referred to the Ombudsman. Has that happened in relation to this dispute?

Mr STUART AYRES: If it has been referred to the Ombudsman, the Ombudsman can investigate. We have said that we will comply with any requirements of NCAT, and continue to do so.

The CHAIR: How much has the legal battle cost taxpayers?

Mr STUART AYRES: I do not have that figure. I can happily take that on notice.

The CHAIR: Thank you.

Answer

Since May 2017 to date, Destination NSW has spent \$246,705 on legal fees to defend its commercial position.

Review into Jobs for NSW

Question 2

The Hon. ROSE JACKSON: Who is doing the review into Jobs for NSW? Who is conducting that review?

Mr PRATT: I will take on notice the names, but what I would say to you is we have drawn people from our direct knowledge of Jobs for NSW.

The Hon. ROSE JACKSON: Are they external to Treasury or are they internal members of your department?

Mr PRATT: There is a mixture. Some are external, some are subject matter experts and then I think we have had one or two Treasury people. I will just defer to Ms Curtain on that. Do we have a list?

Ms CURTAIN: I do not have a list of the names here but it was led by our economics group. The review team was brought from a number of different parts within Treasury.

The Hon. ROSE JACKSON: How many people, roughly, were on the review team? Was it five or 15 or—

Mr PRATT: No, certainly not 15; it would have been a smaller number. Again, we could check for you, but it would have been around six or seven.

Answer

Five people were part of the review. Further information on the review is in the answers to the Supplementary Questions.

GO NSW Equity Fund investments

Question 3

The Hon. ROSE JACKSON: How are the two existing investments that the GO NSW Equity Fund have made—the \$3.3 million into Stone Axe Pastoral and Australia's Oyster Coast—being accounted for within Treasury? In your internal accounting are you assuming that there will be positive returns on those investments, or is that also not the case, considering the status of the funding review?

Mr PRATT: Can I take that on notice? I would assume that they are held at book value in terms of the equity investment, but I am more than happy to come back to you on the actual numbers and the accounting treatment of that.

Answer

Please see page 40 of the transcript –

Mr PRATT: While Ms Chipchase is finding that information, I will answer a couple of questions Ms Jackson asked me earlier about how we hold the value of those two equity investments. As I mentioned, they are held at fair value in the accounts. The other question she asked me was about regional MVPs. There are 21 of those and that is 20 per cent of the overall total.

Sydney Startup Hub

Question 4

The Hon. ROSE JACKSON: The Sydney Startup Hub has accommodation for 2,500 people. How many people are currently using that space, are accommodated in that space?

Mr PRATT: I am sorry, we will have to come back to you on that. We do not have that number.

Answer

Answered in Supplementary Questions.

Minimum Viable Product funding

Question 5

The Hon. ROSE JACKSON: How many of the start-ups, for want of a better word, that received, for example, Minimum Viable Product funding from Jobs for NSW were regionally based in 2018-19?

Mr PRATT: I will see if we can get that for you. While we are getting that, back on the Parramatta hub, there is a \$6.6 million budget allocation for the establishment of that by 1 July year. That work is just commencing, but that is in the budget.

Ms CURTAIN: I am not sure if we have got the split by regional—I am just trying to see if we have got it.

Mr PRATT: Can we take that on notice? We will come back to you with the split.

Answer

Please see page 40 of the transcript –

Mr PRATT: While Ms Chipchase is finding that information, I will answer a couple of questions Ms Jackson asked me earlier about how we hold the value of those two equity investments. As I mentioned, they are held at fair value in the accounts. The other question she asked me was about regional MVPs. There are 21 of those and that is 20 per cent of the overall total.

Jobs for NSW Annual Report – Survey

Question 6

The Hon. ROSE JACKSON: That is fine. In the Jobs for NSW *2017-18 Annual Report*, it mentions a survey that Jobs for NSW did on start-ups receiving Minimum Viable Product and Building Partnerships grants. Is that survey available? Would the Committee be able to get a copy of that?

Mr PRATT: Could I just check what page you are on in the report, please?

The Hon. ROSE JACKSON: Apologies, Secretary: page 8 of the 2017-18 annual report. There are a couple of dot points about how happy everyone was. I do not imagine you have it with you.

Mr PRATT: I do not see any reason why we could not make that available.

The Hon. ROSE JACKSON: That would be useful.

Mr PRATT: Let me take that on notice and I will go away and check that.

Answer

See Attachment A – Jobs for NSW 2017-18 Startup Survey

Regional Tourism Fund

Question 7

The Hon. ROSE JACKSON: The information that I have suggests that there was \$13 million in the Regional Tourism Fund between January 2016 and the current time. But on the website there is only just over \$7 million listed in terms of money that has been granted through the fund. Where is the other—

Ms CHIPCHASE: Over how many years though? What is the time frame?

The Hon. ROSE JACKSON: A number of them are multi-year commitments, are they?

Ms CHIPCHASE: Some are, particularly if they are for a flagship event, because that can be three years. I can take that question on notice and come back to you with the exact spends.

Answer

\$13 million was allocated to the Regional Tourism Fund between 2 December 2016 and 30 June 2019 through two streams: Regional Cooperative Tourism Marketing Program and Regional Tourism Product Development Program, with funding in both streams offered on a matched dollar for dollar basis.

\$7,985,151 has been awarded to 55 projects since the inception of the program, including five projects that are yet to be announced.

Destination NSW, in consultation with regional operators and the six Destination Networks, fully expended the funds on regional tourism support programs.

This includes \$3 million to the Destination Networks to implement their Destination Management Plans and a further \$1.5 million for Destination NSW to develop and implement a Regional Drives/Touring Routes program.

Cost of NCAT proceedings

Question 8

The CHAIR: My question was not about how you had responded to *The Sydney Morning Herald* GIPAA. I am asking, on behalf of New South Wales taxpayers, how much in total has been spent fighting this matter?

Ms CHIPCHASE: The matter is not finished yet. I cannot give you the figure until the matter is—

The CHAIR: To date?

Ms CHIPCHASE: I would have to take that question on notice.

Answer

Refer to response to question 1.

Cost of NCAT proceedings

Question 9

The CHAIR: That is great, but I am not aware of it. I am asking you how much this has cost. I am here on behalf of the taxpayers. How much has it cost?

Ms CHIPCHASE: I cannot give you that figure yet because the matter is still underway. I cannot give you the final figure.

The CHAIR: That is fine. You can take it on notice or provide us with the final figure once that matter is finalised. But you referred to a figure of \$100,000. What was the timing of that?

Ms CHIPCHASE: I believe the request was made towards the end of 2017.

Answer

Refer to response to question 1.

Cost of NCAT proceedings

Question 10

The CHAIR: Sure. So the spend up until 2017 was \$100,000.

Ms CHIPCHASE: Yes.

The CHAIR: It has been two years since then. Presumably, in running the organisation you must keep budgets on your internal legal spend. I understand that the matter is not finalised but you must have a figure of what you have spent between 2017 and now.

Ms CHIPCHASE: Not handy, but I can get that for you as a question on notice.

Answer

Refer to response to question 1.

Pilot Program at Westmead precinct and the Liverpool health and education cluster

Question 11

The Hon. COURTNEY HOUSSOS: Mr Pratt, this is probably most appropriate for you but direct me if I need to go somewhere else about this pilot program at Westmead precinct and the Liverpool health and education cluster. Can I ask some questions to you from a Treasury perspective and you can tell me if you need to take these on notice?

Mr PRATT: If I can answer, yes I will.

The Hon. COURTNEY HOUSSOS: It was designed to support accelerating high-value knowledge job creation. Do you have a total cost for the budget for the pilot project?

Mr PRATT: We will check if we have got that.

Answer

Answered in Supplementary Questions.

Pilot Program at Westmead precinct and the Liverpool health and education cluster

Question 12

The Hon. COURTNEY HOUSSOS: I have got a few questions about the pilot cluster at Westmead and at Liverpool. Perhaps if you do not have the information you can take it on notice and come back.

Mr PRATT: I might have to, I am sorry. We cannot find any data on it.

The Hon. COURTNEY HOUSSOS: That is fine. I am interested to know in the budget how much has been spent on each site at Liverpool and at Westmead, who you are partnering with at each particular location and how many jobs have been created in science and research, education, health care, biotechnology, manufacturing—any kind of breakdown that you can give of the jobs. How many students will be there by 2050, how many staff and what are you forecasting that it will be projecting into the economy by 2050, is the number here, but if you have got any other projections that would be useful as well.

Mr PRATT: We will come back to you on all the data that we can.

Answer

Answered in Supplementary Questions.

Pilot Program at Westmead precinct and the Liverpool health and education cluster

Question 13

The Hon. COURTNEY HOUSSOS: Thank you very much.

Ms CURTAIN: Can we just clarify, at Westmead which particular project are you thinking of?

The Hon. COURTNEY HOUSSOS: I have just got listed the Westmead precinct and the Liverpool health and education cluster. Am I using the right terminology?

Ms CURTAIN: Yes. Around Westmead there are a number of different things happening at the same time.

The Hon. COURTNEY HOUSSOS: Maybe you can just explain to me and clear up for me because obviously there is the Sydney university project out there, Health are doing things out there. What role does Treasury have in working with those organisations?

Mr PRATT: We overview the business cases as they come forward. I will need to check, but I sense what you are asking about is Health and Education, not us. But if we take that on notice we can come back to you.

Answer

For questions relating to the Sydney University project, please refer to the Department of Premier and Cabinet. For questions relating to broader health and education work, these should be referred to the respective health and Education Ministers.

Government contracts – IT requirement

Question 14

The Hon. COURTNEY HOUSSOS: Just one final question. There was a media story a couple of years ago now around a requirement for firms to offshore their IT within government contracts. Are you aware of any current arrangements or structuring within government contracts to require jobs to be sent overseas?

Mr PRATT: No, I am not.

The Hon. COURTNEY HOUSSOS: I am happy for you to take it on notice if you would like to.

Mr PRATT: We will come back to you on that. That would be a question for the IT function within Customer Service, but we will check with them and come back.

Answer

There are no current arrangements or structuring within NSW Government contracts that require jobs to be sent offshore. On the contrary the NSW Government's preference is for our systems and data to be hosted within Australia (NSW Government data centres or 3rd party data centres) and for related development and support services to be performed within Australia.

In circumstances where we allow systems and data to be hosted offshore or services performed offshore, the NSW Government has rigorous processes in place to assess risks including Legislation, Regulation, Policy, Security, and Privacy and determine contractual and operational controls that need to be established.

Lastly, we ensure supply marketplaces and panels include local Australia service providers.

Regional Tourism Fund

Question 15

The Hon. ROSE JACKSON: I have a couple more questions. I will start with Ms Chipchase. As you mentioned, there are various different pools of funding available. I am talking specifically about the Regional Tourism Fund, which was announced in December 2016 as a \$13 million fund available to 2019. That is taken directly from the announcement made by the Government in December 2016—\$13 million to boost regional tourism through the Regional Tourism Fund. On the website where the successful funding is listed there is just over \$7 million that has been distributed to programs.

Ms CHIPCHASE: Give me one minute. Yes, I have got it.

The Hon. ROSE JACKSON: I am asking what happened to the remainder of the money, because the Government committed \$13 million to boost regional tourism, available to 2019. It is 2019 and when you look on the website there is only just over \$7 million that has been allocated.

Ms CHIPCHASE: Yes, and there has been a carry forward.

The Hon. ROSE JACKSON: So there were no other projects—

Ms CHIPCHASE: If I can go through these. There were multiple projects during that time, everything from caravan sites, and they ranged in funding amounts from 150, which was the sort of average—

The Hon. COURTNEY HOUSSOS: Ms Chipchase, if you are just reading from a document are you able to table that for us?

Ms CHIPCHASE: I can give you a list of the funds that were successful and what the projects were for.

The Hon. COURTNEY HOUSSOS: But you can just table that for us if you like.

Ms CHIPCHASE: I will take it on notice and give you the full list.

Answer

Please see answer provided to Question on Notice 7.

Review into Destination NSW

Question 16

The Hon. ROSE JACKSON: What does the Destination NSW review look like?

Mr PRATT: The numbers? I will get that for you. It is very similar.

The Hon. ROSE JACKSON: Not the same people, though? Is that the case, or is it the same team?

Mr PRATT: We will get the exact number for you. But there is a similar approach, yes.

Answer

Please see page 50 of the transcript –

Mr PRATT: Can I refer to your earlier question, the Destination NSW review team?

The Hon. ROSE JACKSON: Yes.

Mr PRATT: The same answer as Jobs for NSW, same number of people, five people from pre and post machinery of government teams.

Question 17

The Hon. COURTNEY HOUSSOS: Fair enough. How much advanced manufacturing is currently within New South Wales manufacturing sector?

Mr DRAPER: I cannot answer that. I do not have that data with me. Perhaps I can get some assistance from my colleagues who work in that space.

The Hon. COURTNEY HOUSSOS: That would be great, or take it on notice if you do not have it here this afternoon. Could you talk about what that is made up of, and if you are providing any modelling or any advice about how it can be improved as part of the aerotropolis process?

Answer

Advanced manufacturing is a technique, not a product, so every manufacturer could employ advanced manufacturing processes, technologies, knowledge or business models in their operation to some degree. Advanced manufacturing provides some clear opportunities for NSW manufacturers to grow in sectors where they already enjoy a competitive advantage and in new niche manufacturing sectors. These include:

- pharmaceuticals
- machinery and equipment (including professional and scientific equipment manufacturing; and electrical equipment manufacturing)
- grain milling, meat and other food
- wood products
- fabricated metal products
- furniture
- packaging
- cosmetics, perfume and toiletries.

NSW's 23,000 manufacturers produce 30% of the country's total manufacturing output, generating around \$32 billion in industry value. The NSW Government is focused on industries most likely to lead to greatest prosperity for the most people in NSW. This includes niche manufacturing sectors considered to be largely advanced such as medical technology (1,500 businesses in NSW generating \$6 billion in industry value) and space (over 230 organisations and 41% of Australian businesses located in NSW).

Question 18

The Hon. ROSE JACKSON: Do you still consider an acute slump—that is the language that is used in the budget paper—in overseas visitors to be a serious threat to New South Wales' economic outlook?

Mr PRATT: If you look at some of the things we discussed this morning, clearly the impact of global events here is impacting Australia in totality. Key to this, I think, is, if you look at the numbers that I gave you earlier, the Chinese visitor numbers grew by 1.1 per cent to July. That is the equal slowest rate of growth since 2010. That is having a big impact on the numbers given—

The Hon. COURTNEY HOUSSOS: What was the figure for the year before, Mr Secretary?

Mr PRATT: I will just see if I have got that for you. No, I have only got year to date, I am sorry.

The Hon. COURTNEY HOUSSOS: Could you provide us for the two previous years on notice?

Mr PRATT: I could get that to you, yes.

The Hon. COURTNEY HOUSSOS: That would be useful.

Answer

The key source of data used to measure international visitation to NSW is the International Visitor Survey (IVS), published by Tourism Research Australia, rather than Overseas Arrivals and Departures data (OADs), which is published by the Australian Bureau of Statistics.

The data source referred to by Mr Pratt is OAD data. For the month of July 2019, this data shows that Chinese visitor arrivals to Australia increased by 0.3 per cent. In the same period Chinese visitor arrivals to NSW decreased by 3 per cent.

OAD data captures monthly arrivals and departures only with statistics calculated on both inbound and outbound passengers who are short-term visitors to and from Australia. IVS data reports quarterly on short-term visitors aged 15 year and over only. Passenger surveys are held in the departure lounges of eight major international airports in Australia. In contrast to OAD data, the IVS reports on a visitor's full travel behaviour while in Australia – not just the State where they intend to stay or where they spent the most time.

The IVS China Market Profile Time Series for the year ended March 2019 is available at: <https://www.destinationnsw.com.au/wp-content/uploads/2019/07/IVS-time-series-YE-MAR-2019-China.pdf>