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QUESTION –

The Hon. ADAM SEARLE: I am very interested in this particular matter. The office of the chief executive of Sport has a \$3 million limit on his or her delegation. The Minister has caused the—

Mr REARDON: I cannot confirm that, but I will take it on notice if you want me to confirm that.

The Hon. ADAM SEARLE: Yes, I would like you to do that.

Mr REARDON: I did not know if that was a question or a statement.

The Hon. ADAM SEARLE: I am going to put to you some propositions and you can come back on notice. I have got some documents that identify this, but the chief executive has a \$3 million limit on his or her delegation. The Minister has caused the funding agreement he entered into to be rescinded and he has caused, by signing a direction, that the chief executive should re-execute the agreement in his name. Where is the instrument of delegation that gives the chief executive of Sport the lawful authority to enter into that funding agreement?

The Hon. NATALIE WARD: Point of order—

The Hon. ADAM SEARLE: If there is no such instrument, is the grant of money to Penrith Panthers, in fact, lawful?

ANSWER:

I understand from an article in the Sydney Morning Herald dated 11 March 2020 that the NSW Opposition has referred these matters to the Independent Commission Against Corruption.

Given these matters may be under investigation, it would be inappropriate to comment.

QUESTION –

The Hon. ADAM SEARLE: I understand, but will you make inquiries and come back to us and report on whether or not the appropriate delegation was in place?

Mr REARDON: I could, but the matter was examined, as I understand it, in previous estimates. I can do the same as that secretary as well.

Ms GLADYS BEREJKLIAN: It has been referred to another body.

The Hon. ADAM SEARLE: But for the assistance of the Committee, the relevant cluster secretary or the relevant cluster at the time no longer exists. It was in the industry cluster. That does not exist. I guess it would be the Department of Planning, Industry, and Environment now, as to whoever keeps the records. The issue is that you are the head of the public service. This is a matter that goes to the integrity of public service processes and I am asking you to make an inquiry and to assure us that the chief executive of sport then had the appropriate delegation to enter into that funding agreement.

Mr REARDON: I will just correct you on one thing, which is because a machinery of government changes it does not change the fact that from one secretary to another—

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The Hon. ADAM SEARLE: I know. There was either a delegation in place or there was not.

Mr REARDON: There were delegations in place then. There are delegations in place now. When they vest across—you vest across the people, you vest across the officers and you would vest across many other things, including the delegations. If the new secretary wishes to make any changes to those, they will.

The Hon. ADAM SEARLE: I am asking about the delegation that was in place in February 2019. Are you declining to take on notice that question?

Mr REARDON: No, I am not declining, but I think you have examined the matter. The secretary of the cluster, both pre-election and then machinery of government changes, could furnish you with that information. I am assuming that question was asked of that secretary? That is all I am trying to clarify.

ANSWER:

I understand from an article in the Sydney Morning Herald dated 11 March 2020 that the NSW Opposition has referred these matters to the Independent Commission Against Corruption.

Given these matters may be under investigation, it would be inappropriate to comment.

QUESTION –

The Hon. ADAM SEARLE: Did you receive an official brief on his non-compliance or the fact that he was taking a long period of time to do so?

Ms GLADYS BEREJIKLIAN: All of the advice I have received from—

The Hon. PENNY SHARPE: Don't ask, don't tell.

Ms GLADYS BEREJIKLIAN: All of the advice that I have received from DPC on these matters, I have complied with. I will ask the secretary if he has anything further to add.

Mr REARDON: Apart from repeating what I have said, which is we proactively seek to have ongoing disclosure and compliance, I do not know any more detail on the question you are asking. I can take on notice what I can take on notice, but if there is an independent body looking at it I am not sure what I can bring back. I will do what I can.

The Hon. ADAM SEARLE: Perhaps you can answer this question. The issue of John Sidoti's disclosures and interests was raised in the Parliament with the Premier in March and April 2017. I accept that you were not the secretary of DPC at the time. What advice around those matters did your agency provide the Premier? Was it that he did not have to make those disclosures or seek those rulings?

Mr REARDON: I think because you have just raised the fact that I was not even here at the time, I will take it on notice and provide what I can.

The Hon. ADAM SEARLE: Thank you. Going back to the Ayres matter for a moment, Premier, has Minister Lee raised any issues with you or your office around the handling of the \$12 million grant to Penrith Panthers?

Ms GLADYS BEREJIKLIAN: Not to my knowledge. Not with me. I should say, not to my knowledge. I do not know—

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The Hon. ADAM SEARLE: Can you inquire and come back to us on that?

Ms GLADYS BEREJKLIAN: If it is appropriate.

ANSWER:

I understand from an article in the Sydney Morning Herald dated 11 March 2020 that the NSW Opposition has referred these matters to the Independent Commission Against Corruption.

Given these matters may be under investigation, it would be inappropriate to comment.

QUESTION –

The Hon. PENNY SHARPE: Mr Reardon, would you take on notice and come back to this Committee whether you believe that—will you seek advice and find out whether the declarations in relation to Minister Taylor and whether there is a requirement for a ruling to be enacted in relation to this matter?

Mr REARDON: I can do.

ANSWER:

I expect all Ministers and Parliamentary Secretaries to comply with their obligations under the NSW Ministerial Code of Conduct.

QUESTION –

The Hon. ADAM SEARLE: Premier, can you tell us—and I am happy for you to take this on notice—not just the spending commitments you have incurred around this issue but how much has actually been expended? How much has actually been delivered and in what areas?

Ms GLADYS BEREJKLIAN: Certainly we are happy to do that, but you also have to appreciate that in relation to the \$1 billion infrastructure fund, to date a small amount has been expended on the schools that we wanted to open on day one. I want to thank the Department of Education for working overtime to ensure that every student returned to their school first day back from school holidays. But a lot of the infrastructure that we have identified that we need to fix is dependent on the clean-up so we are getting through the clean-up as quickly as possible. We have given ourselves until the end of this financial year to do the vast majority of that clean-up, which is ambitious but that is our target. Of course, once particular towns and regions have had the clean-up we can then move in and do the rebuilding process and of course we want to start that as soon as possible.

ANSWER:

The NSW Government committed \$1 billion to rebuild community infrastructure devastated by the bushfires.

Under the coordination of Infrastructure NSW, all impacted agencies across the Government have assessed the damage caused to their physical assets across fire affected areas.

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This process is ongoing. To date, over \$900 million dollars in potential damage has been identified to assets which fall under the control of State, Federal or Local Governments. Significant funds have already been expended to repair these assets.

QUESTION –

Ms ABIGAIL BOYD: Premier, would you characterise the transaction for the Vales Point coal-fired power station as a long-term lease or a privatisation?

Ms GLADYS BEREJKLIAN: I recall that vaguely. I was the Treasurer at the time, I remember. I will take that on notice and provide you updated information on that.

ANSWER:

The Vales Point coal-fired power station transaction was a sale.

QUESTION –

Ms ABIGAIL BOYD: —a couple of years later at 700 times what you sold it for. The transaction, now that we have seen the documents, was actually a bit unusual in that it does not outright sell Vales Point at all. What it does is have a reciprocal option arrangement with the buyers to allow them basically to hand the asset back to you, hence the question about the long-term lease. We also know that under that contract the liability for cleaning up the decades of contamination before the "sale" actually stays with the State. Given what we now know about the toxic ash sitting on that site and how much it costs to clean up that ash, the sale actually left the Government with hundreds of millions of dollars of liability. Were you aware at the time that those liabilities were being kept?

Ms GLADYS BEREJKLIAN: The advice received was that the net benefit of going through that transaction far exceeded the cost to the State of retaining the asset.

Ms ABIGAIL BOYD: Do you think that holds up now when you look at it in hindsight?

Ms GLADYS BEREJKLIAN: Because the matter was two or three years ago, I will take that on notice and provide you with information. But I have no reason to question that that was the right decision at that time.

ANSWER:

Based on the information available at the time, the benefit of the transaction exceeded costs.

Contingent liabilities for the Vales Point power station were transparently disclosed in the Crown Entity's 2015-16 financial statements, after the completion of this transaction in early 2016.

QUESTION –

The Hon. ADAM SEARLE: That is fine. Also, in supplementary questions, I think it was indicated that DPC over the next couple of years—and this was going back to late last year—was going to be reviewing the Government Sector Employment Act and also the

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Greater Sydney Commission Act. Can you update the Committee about where those two reviews are up to in terms of the time frame and who will be conducting the reviews?

Mr REARDON: The Government Sector Employment Act review in the public service is jointly being undertaken by Premier and Cabinet with the assistance of the Public Service Commission itself but, as with these things, the cluster lead should give them a lot of support, so our general counsel has been assisting with that. That review is largely complete and is with—I will take on notice exactly where we are up to but it is largely complete, that review. The Greater Sydney Commission review, I will have to take on notice, because the statutory time frame for that—

ANSWER:

The statutory review of the *Greater Sydney Commission Act 2015* is required to commence as soon as possible after the period of 5 years from the commencement of the Act, which was 27 January 2016. The review is therefore not due to commence until after 27 January 2021. The review will be undertaken by the Minister with support from the Department of Premier and Cabinet (DPC) and the Greater Sydney Commission.

The review of the *Government Sector Employment Act 2013* is being conducted by the Minister as required by the Act with the support of DPC and the Public Service Commission.

QUESTION –

The Hon. ADAM SEARLE: Of your supplementary answers. It is in the answers to questions 310 to 317 about the energy purchases, not just of the cluster but this is more broadly across government. There are two electricity contracts: 776, which is with Origin Energy; and there is 777, with ERM Power Retail Pty Ltd. This has been a consistent answer. I have asked on a number of occasions how much electricity is purchased and consumed for the State government as a whole and also by agency. I think, if my memory serves me right, only 6 per cent of that energy was from renewable sources under those two contracts. Those two contracts, as I understand it, are up for renewal this year.

Firstly, can you advise—and I am happy for you to take this on notice—where the negotiation of the new contracts is up to and whether we can expect a significant increase in the proportion of renewable energy that the State purchases through these power purchase agreements [PPAs]? I would also like to know under the existing contracts how much energy was actually purchased and consumed. Because it seems to be information that I cannot get out of anybody. I assume it is not; it should not be a commercial secret. I am not asking how much you spend. These should be matters of public record.

Mr REARDON: On two commercial contracts—or contracts for the purchase—there may be commercial issues within them. Clearly, disclosures for contracts we disclose as we need to on government websites with the appropriate redactions. I am not aware, firstly, whether you have asked the Minister for Energy and Environment those questions.

The Hon. ADAM SEARLE: Not this year. I thought I would come to you as the coordinating body.

Mr REARDON: It is a lot of detail that is outside my cluster.

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The Hon. ADAM SEARLE: I understand that and I am not expecting you to have the answers at your fingertips but if there are literally two contracts that service the whole of the budget sector, it seems reasonable to me to ask the central agency coordinator for an answer across government. If that is not right, I guess I could ask every single Minister. I assume the contract is not broken up by cluster, given the recent machinery of government [MOG] changes. These changes would predate those MOG changes.

Mr REARDON: I actually do not know, Mr Searle, but I will find out what I can. Probably a more substantive answer would be around questions across government, absolutely across government, setting up principles, regimes, frameworks and coordinating as per our budget outcome accountabilities. A matter such as that could be fully purchased, like a banking contract or an energy contract, out of various areas of government without it all having to come through the centre. Yes, approvals would come through as required to Cabinet and the Expenditure Review Committee of Cabinet but it may well be held within a portfolio away from the centre.

The Hon. ADAM SEARLE: Okay, I am happy for you take that on notice.

ANSWER:

The existing contracts expire on 30 June 2022. A procurement process for a new contract period is currently being conducted by NSW Procurement.

The proportion of renewable energy that the State will purchase in this new contract period is not yet known.

The Government consumed about 1.8TWh in Financial Year 2018-19.

QUESTION –

The Hon. ADAM SEARLE: What is Mr Sandals' background or expertise in this field?

Mr REARDON: I actually do not know. I am happy to find that out, but he has worked on this type of thing for a while.

The Hon. ADAM SEARLE: And how much does DPC pay for that?

Mr REARDON: I am happy to take that on notice. I do not know.

The Hon. ADAM SEARLE: To whom are those payments directed—is it to Mr Sandals personally or is there some company that is engaged?

Mr REARDON: I will take on notice. I do not know. I would point to the annual report but if it is not there I will take it on notice.

ANSWER:

Mr Sandals is the CEO of Delivery Associates. He has over 20 years' experience working with governments around the world. The Department of Premier and Cabinet has a contract with Delivery Associates and paid \$169,000 in 2018-19.

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QUESTION –

Mr DAVID SHOEBRIDGE: In relation to the Law Enforcement Conduct Commission [LECC] the Government announced an increase in the size of the NSW Police Force by some 1,500 sworn officers, which is about a 10 per cent increase. That was a November 2018 decision. Why was there no increase in the budget for the police oversight body to deal with a 10 per cent increase in the number of police?

Mr REARDON: The Law Enforcement Conduct Commission machinery of government changes came within the Premier and Cabinet cluster after the machinery of government changes, so formally on 1 July last year. Again their resourcing level, how many investigations they undertake, I have no visibility of that. How that works with the resourcing of the Police Force that they oversee, I do not know if that is a one-to-one correlation. I do not know.

Mr DAVID SHOEBRIDGE: But I think we can safely assume that if you increase the size of the Police Force by 10 per cent the job of the oversight body of the Police Force will increase. I think that is a safe assumption. Whether it is a linear increase of 10 per cent or not is maybe open for discussion but I do not think anyone could rationally argue that a 10 per cent increase in the Police Force will not increase the work for the oversight body.

Mr REARDON: I understand the question you are raising but I would only be speculating. I do not know.

Mr DAVID SHOEBRIDGE: Can you take on notice whether or not there was a decision not to increase the funding or if it just was not considered at all?

Mr REARDON: If it is going to be a matter that has gone before Cabinet or a Cabinet committee I will not be able to take that on notice but if I can furnish it I will.

Mr DAVID SHOEBRIDGE: All right. You can take it on notice but whether or not you can answer is a different matter, I think.

Mr REARDON: Yes.

Mr DAVID SHOEBRIDGE: In early 2019 the Government again tasked the LECC with new statutory functions, which was a review of the operation of the consorting laws, which obviously required additional staff for about 2½ years. Why was there no decision taken in early 2019 to increase the funding for LECC, given that new statutory functions were added to it?

Mr REARDON: I would have to take it on notice. As I indicated, they only came as part of machinery of government in the middle of last year so I do not know the answer to that.

ANSWER:

The NSW Government is committed to ensuring effective oversight of law enforcement in NSW. In the 2019-20 Budget, almost \$32 million was allocated to fund the Law Enforcement Conduct Commission (a 20.6% increase from the 2018-19 Budget).

QUESTION –

The Hon. JOHN GRAHAM: Has the Premier used her power under section 22 of the Act to direct any other infrastructure plans?

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Mr DRAPER: No.

The Hon. PETER PRIMROSE: Can I ask one question in relation to the annual people—

Mr DRAPER: Sorry, I should say not in my time since I have been—I can check prior to that time.

The Hon. JOHN GRAHAM: On notice, that would be helpful.

ANSWER:

No.

QUESTION –

The Hon. ADAM SEARLE: Mr Reardon, last February the Premier indicated that one of her objectives was to create 250,000 extra jobs. Based on current projections, by the time of the next election the Government will be about 90,000 short. To meet the gap you would have to increase the number of new jobs created in New South Wales by a bit over 5,200 per month. Can you give some indication about the thinking behind the strategy to achieve that objective? Is it an aspirational target? Is it a hard objective?

Mr REARDON: There was an aspirational target in the last term of government that was reached very, very quickly. The aspirational target, I think, was 150,000, and that was outstripped by quite a deal. I think it was more than doubled at that time. In this term of government it was increased to that number. With what we have got—you asked about strategies—\$97 billion in the infrastructure pipeline across the four years is a good part of continued growth of employment, without a doubt. The last six months—with drought, bushfire, flood and now coronavirus—will no doubt hit economic activity in certain areas.

But our job is to ensure that we go about things robustly and try to get on with as much activity as we can, like we normally do, whilst keeping a very close eye on what we need to for emergency management, which we are doing right at the moment. But with the level of activity that we have had in the New South Wales economy, without me going anywhere near speculation and leaving it for the Treasurer and the Treasury Secretary, we will continue to track towards that target. Where you have your figures from about where we might fall short, you may wish to furnish it, but it has not been something that has been on my radar. We were only looking at the growth, not about how we are going to fall short.

The Hon. ADAM SEARLE: Can you tell us about the thinking behind the setting of the target? Where did the figure come from?

Mr REARDON: I will have to take it on notice. I actually do not know where the numeric target came from. In the last term of government, the 150,000, as I said, was outstripped. It has been pushed up again but the actual setting of it, I cannot recall.

ANSWER:

The target was an election commitment.

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QUESTION –

The Hon. ADAM SEARLE: What is the time frame, particularly around the Inland Rail component?

Mr REARDON: Inland Rail is being delivered by the Federal Government's rail corporation, which is called Australian Rail Track Corporation, across the three States. I would have to take on notice the build phase but it will all be sitting on public record. The actual build phase, they are well advanced in a range of areas, including in the Central West. They have segments such as Narrabri to Narromine. The actual date that it comes online I am happy to take on notice and provide it to you. It will materially change that freight and logistics component for the Central West where for the first time Sydney, Melbourne, Brisbane and Perth are connected right in the middle with that fine town for rail-to-rail interchanges there. It will be quite the opportunity and, as I said, we are not going to miss that opportunity by having a special activation precinct in the city of Parkes.

ANSWER:

Please refer to the timeline on the Inland Rail website run by Australian Rail Track Corporation.

Further questions should be directed to the Minister for Regional Transport.

QUESTION –

The Hon. ADAM SEARLE: The question is: What has changed in the past 12 months? Not even the last 12 months, since 5 September.

Mr REARDON: The Treasurer put out a midyear budget update in December and that is what is updated. Some new projects in there, but to go through that line item by line item would take a bit.

The Hon. ADAM SEARLE: I am happy for you to take on notice to measure the gap between what you said in the estimates on 5 September and this higher figure. What are new programs and what are cost overruns on the existing programs?

Mr REARDON: I can take a question on notice but I am simply outlining the figures on public record.

ANSWER:

Please refer to the NSW Budget 2019-2020 Half Yearly Review.