



LEGISLATIVE COUNCIL

PORTFOLIO COMMITTEES

BUDGET ESTIMATES 2019-2020 Supplementary Questions

Portfolio Committee No. 1 – Premier and Finance

TREASURY

Hearing: Monday, 9 March 2020

Answers due by: Tuesday, 21 April 2020

Budget Estimates secretariat

Phone 9230 2303

BudgetEstimates@parliament.nsw.gov.au

TREASURY

Questions from Ms Abigail Boyd MLC

Eraring Ash Dam Indemnity Deed

Pursuant to the “Eraring Ash Dam Indemnity Deed” between the State and Eraring Energy Pty Limited dated 1 August 2013, the State is liable for half of the costs of an “Alternative Proposal” (being the alternative proposal to the Backfill Proposal in relation to extending the coal ash dam on the Eraring site if the Backfill Proposal cannot be implemented).

In response to a question without notice from 22 October 2019, the Treasurer responded saying that Treasury had been notified that the Backfill Proposal cannot be implemented.

1. Has Origin Energy given the Treasury an estimate of how much the State will be liable to pay in relation to the Alternative Proposal under the Eraring Ash Dam Indemnity Deed?
 - (a) If yes, how much is it estimated that the State will be liable to pay?
 - (b) If not, when does Treasury expect to know how much the State will be liable to pay?
2. When was Treasury first notified that the Backfill Proposal could not be implemented?
3. When was Treasury first aware that it would be required to make a payment in respect of the Eraring Ash Dam Indemnity Deed due to the Backfill Proposal not being implemented?
4. Does Treasury expect to record an amount in the Budget to reflect its liability in respect of the Ash Dam Indemnity Deed as a result of the Backfill Proposal not being able to be implemented?

Answers:

1. No. Once Origin Energy determines and advises the Alternate Proposal as per the Eraring Ash Dam Indemnity Deed the State expects to be notified of an estimated cost.
2. Origin Energy first requested on 21 December 2016, and then again on 3 April 2017, for the State to confirm that the Backfill Proposal was not technically feasible. Following consideration of the initial request, the State advised Origin Energy on 8 June 2017 that it accepted that the Backfill Proposal was not technically feasible.
3. 8 June 2017
4. This indemnity has been disclosed as a contingent liability since the transaction completed in 2013. Origin Energy has not advised the State of specific details or estimated cost of the Alternate Proposal, therefore the State has not made a specific provision in the Budget at this stage.

Questions from Mr David Shoebridge MLC

General

5. How many employees have the title of General Manager at icare?
6. What is the pay band for a General Manager?
7. How many employees have the title of “Head of” at icare?
8. What is the pay band for a “Head of”?
9. What is the current organisational structure?
10. What is the impact of lower investment returns on the underwriting result over FY2019?
11. How have medical cost provisions impacted prior year actual incurred claims costs?
12. What was icare’s medical cost provision in each of:
 - (a) FY2017,
 - (b) FY2018,
 - (c) FY2019?
13. Why has icare’s gross written premium increased by 9 per cent year on year from 2017 to 2019?
14. Why has icare’s net claims cost increased by 21 per cent from 2017 to 2019?
15. Why did icare’s net claims expense increase by \$1.8 billion in the last financial year?
16. What are the different components of the increase in claims expense? Given the underwriting loss, are icare’s premiums under-priced, or is claims performance substantially below expectations?
17. Evidence provided by iCare is that “collected premiums exceed claims paid in each of the last five years. What is the cause of the loss in that case? Is this related to expenses?

Answers:

5. 32
6. icare does not use the public service Senior Executive bands. Its Board of Directors sets its remuneration policy, which is outside of, but aligns with, the *Government Sector Employment Act 2013* (GSE Act). General Managers sit within GSE Act bands 1-3.
7. 13
8. icare does not use the public service Senior Executive bands. Its Board of Directors sets its remuneration policy, which is outside of, but aligns with, the *Government Sector Employment Act 2013* (GSE Act). Heads of sit within GSE Act bands 1-2.
9. icare’s capability structure comprises CEO, Group Executive, Chief/General Manager, Head of, Manager/Senior Technical Lead and Award.

10. icare’s funds are actively managed by TCorp to achieve return and risk outcomes. All produced very strong returns over FY2019, exceeding their longer-term inflation and liability-related investment objectives. All funds benefited from strong performance in global equities, emerging market equities and unlisted property sectors, all of which exceeded their market-based benchmarks. icare’s bond portfolios performed very strongly, and unlisted property portfolios also performed well. These returns contributed more than \$3 billion to the underwriting results of FY2019.
11. The impact from movements in medical cost provisions have had \$0.7bn adverse impact on actual incurred claims cost in FY2018/19 for the Nominal Insurer.
- 12.

Financial Year	icare medical cost provision
FY2016/17	\$6.4bn
FY2017/18	\$8.0bn
FY2018/19	\$10.5bn

13. Written premium has increased by nine per cent year on year predominately due to growth in wages across NSW businesses. Premium is calculated relative to a business’ wage roll. Over the period, wage rolls for NSW businesses have grown at a rate of approximately seven per cent each year.

The other two per cent of growth was due to premium rate increases being applied to the “Loss, Prevention and Recovery” product. This product is only available to very large employers who opt in. The rate increases, which the regulator acknowledged, were necessary to ensure that pricing was consistent with the claims experience for these employers.

14. icare is unable to respond to this question as it cannot identify the origin of the figures referred to.
15. The increase in Nominal Insurer’s net claims expense by \$1.8 billion is largely driven by movements in the actuarial outstanding claims liability estimates (i.e. estimated cost to finalise all claims in the Nominal Insurer). This applied to \$1.6bn of the \$1.8bn. The key drivers that increased the actuarial estimates are:

- \$1.1bn increase driven by economic assumptions in the actuarial valuation. These assumptions are driven by the bond market and inflation expectations and are beyond icare’s control.
- \$0.7bn increase driven by increasing number of medical treatments and medical hyperinflation
- \$0.2bn decrease by various other smaller movements

The additional \$0.2bn increase is driven by increase in claims payments. This is a combination of economic inflation, increase in economic activity and medical hyperinflation.

16. See Question 15

17. The cause of loss in FY2018/19 for the Nominal Insurer is due to movements in the actuarial outstanding claims liability estimates (i.e. estimated future payments to finalise all current claims in the Nominal Insurer), as noted in the answer to Question 15.

FY2017/18 did not run a loss for the Nominal Insurer.

FY2016/17 losses for the Nominal Insurer is driven by \$1bn increase in the actuarial outstanding claims liability estimates. This was to reflect the emerging experience of the 2012 reforms as it differed from the initial projection.

Measuring Performance

These questions related to page 90 of the icare annual report for FY18-19, icare Group Leadership Team have awarded themselves a 'Meets' Performance Rating.

18. For 'Transformation', the measure is a percentage of transformation milestones delivered against time and scope. Why was budget not included as a measure?
19. Please provide details of the transformation milestones referenced in this measurement.
20. In measuring performance in the Finance category, the icare Group Leadership Team awarded itself an 'exceeds' in FY2018, and only a 'meets' in FY2019. Why was this?
21. icare's staffing costs grew over 30 per cent from (FY2017) \$100m to (FY2018) \$131m, whilst staffing numbers only increased by 18 per cent;
- (a) advertising, promotion and publicity expenses grew by 65 percent between FY2017 (\$2.1m) and FY2018 (\$3.5m);
 - (b) communication expenses grew around 380 per cent over FY2017 (\$713,000) to FY2018 (\$2.7m) and were \$3.6m in FY2019 (an increase of 33 per cent).
 - (c) Please provide budget targets for FY2017, FY2018, and FY2019 that the icare Group Leadership Team gave itself to benchmark against for the Finance performance measure in order to achieve "Exceeded", "Exceeds" and "Meets" for the years FY17, FY18, FY19 respectively.
22. What was the total amount of "performance payment plans" (hereafter 'bonus') paid out to icare staff and executives in 2019?
23. What was the breakdown of bonus paid by position?
24. How much is allocated to the bonus budget for each year and how is this number/percentage calculated?
25. Are bonuses based on performance reviews?
26. If bonuses are not based on performance reviews, what process is used to establish bonus eligibility? Please provide documentation of how this is achieved.
27. If bonuses are based on performance review, what is the process to establish Key Performance Indicators and review against individual performance? Please provide documentation of the process for Executives and their individual reviews for the last bonus period.

28. icare reported a loss of \$872 million last year and an underwriting loss of \$2.6 billion. Was this partially or fully reflected in any of the executive's performance reviews?
 - (a) If not, why not?
 - (b) If so, why was the bonus paid?
29. Who in icare was responsible for approving the allocated amount for bonuses? Please provide documentation for the process involved.
30. Who in icare was responsible for approving Executive bonuses? Please provide documentation establishing the justification for each Executives bonus payment.
31. What are FY2020's performance targets for each of the established categories?

Answers:

18. All the milestones included consideration of cost and quality measures.
19. icare had a total of 41 initiatives related to the transformation milestones. Of these planned initiatives, 36 (87 per cent) were delivered.

Of the five not delivered, four were not started due to on-going dependency on the delivery and stability of the core systems (Document Architecture, Authorised Provider Claims, Government Agency Claims and Care Claims) and one was stopped as the underlying architecture needed to be redesigned.
20. Organisational KPIs are approved by the icare Board on an annual basis. Included in the objective setting process is the approval of a "meets" target and an "exceeds" target for each KPI. To exceed, **all** business lines in icare must reach the stretch target of being >5 per cent under budget. icare, as a whole, met its key performance indicators in relation to controllable expenditure in a difficult economic climate in FY2018.
21. In September 2015, icare commenced a transformation that would markedly change the way that insurance services are delivered in New South Wales. icare is the biggest start-up of its kind and its establishment and transformation was based on a three-year plan as leadership teams continued to form over this period.

New teams were formed and staffed over this period that had not existed in predecessor organisations. For example, an actuarial team was formed as these services were brought inhouse, risk and compliance capability was increased, the medical office was formed to decrease customer response times, enabling services were established to support the business. In the business there was a focus on increasing senior underwriting capability and in enhancing claims management capability.

(a) advertising, promotion and publicity expenses grew by 65 percent between FY2017 (\$2.1m) and FY2018 (\$3.5m);

This increase relates to a range of new initiatives relating to the undertaking of the transformation across icare. This includes the introduction of the icare Foundation, Mobile Engagement Team, Community Support Service to assist people transitioning from the workers compensation scheme, Paralympian Speakers Program and the additional supports for the transformation program.

(b) communication expenses grew around 380 per cent over FY2017 (\$713,000) to FY2018 (\$2.7m) and were \$3.6m in FY2019 (an increase of 33 per cent).

Communication costs have increased due to:

- Prior to FY2018 icare shared a network with DFSI and paid a fee to DFSI for hosting. To ensure separation of insurer and regulatory functions, icare contracted its own network in FY2018, which resulted in communication costs as opposed to fees previously paid.
- Landline charges have increased due to business volume increases and the use of dedicated call centres to assist with customer contact.
- Mobile charges have increased due a more mobile workforce and workforce growth.

(c) Please provide budget targets for FY2017, FY2018, and FY2019 that the icare Group Leadership Team gave itself to benchmark against for the Finance performance measure in order to achieve “Exceeded”, “Exceeds” and “Meets” for the years FY17, FY18, FY19 respectively.

FY	Key Performance Category/Indicators	Description of KPI	Meets	Stretch Target (Exceeds)
2017	FINANCE: Actual Performance to budget	Measures financial performance of controllable operational expenditure to budget. Based on Board judgement.	10% variance to budget	Controllable operational expenditure not to exceed budget
2018	FINANCE: Controllable expenditure	Controllable operational expenditure to budget	10% variance to budget	Not to exceed budget
2019	FINANCE: Controllable expenditure	Controllable operational expenditure to budget and in alignment with financial allocation principles. (Excludes levies and depreciation)	+5% variance to budget	>5% under budget

22. Moving to performance pay was a key element of the Government's 2015 establishment of icare and is, as is the case in similar organisations in the private and public sectors, an important method of attracting the required capability to undertake icare's transformation journey towards driving better outcomes for customers.

The Annual Performance Payment (APP) is determined by the APP opportunity for each plan participant, which is variable and set out in their Individual Employment Agreement (IEA). Annual organisational Key Performance Indicators (KPI) are approved by the icare Board. These KPIs are cascaded to all employees including those who are APP participants. In addition, individual KPIs are set based on their functional objectives and the individual's role requirements. The annual KPIs are outlined in icare annual reports and include customer experience, employee engagement, leadership culture, transformation initiatives and more.

icare manages more than \$40 billion in assets, over 65,000 claims and pays around \$4 billion to support injured workers in their recovery every year. Since 2015, icare has realised nearly \$1 billion through operating and claims-related savings. Of this, less than 0.3 of a per cent was returned to those employees meeting performance outcomes in 2018/19.

23. See Question 22
24. All variable remuneration is performance contingent, with no guarantee an individual will be eligible to participate in, or be awarded, variable remuneration in any given year. Variable remuneration is determined based on the performance of icare, the function and the individual. The demonstration of icare values and performance factors are also taken into consideration. The People and Remuneration Committee (PRC) and the Board have the discretion to adjust (including to zero) variable remuneration for all participants.
25. Yes.
26. See Question 25
27. Annual organisational Key Performance Indicators (KPI) are approved by the icare Board. These KPIs are cascaded to all employees including those who are APP participants. In addition, individual KPIs are set based on their functional objectives and the individual's role requirements.
28. APP payments are based on pre-agreed KPIs as approved by the icare Board. The Board rigorously reviews the performance against these KPIs prior to any bonus payment being approved.
29. The Board's People and Remuneration Sub-Committee (PRC) approve the total incentive pool for the organization.
30. See Question 29
31. The organisational scorecard is available in icare's Annual Report

The Bridge International

The Bridge International was awarded the contract of work for the review of icare's Enterprise Project Management Office (EPMO) through a "pricing under expression of interest" "that was undertaken by a separate group"...

32. Please provide the Committee with this Expression of Interest document.

33. Was The Bridge International informed directly about the expression of interest? Please provide dates and positions of those involved in this contact.
34. Who else was informed directly about the expression of interest? Please provide dates and positions of those involved in this contact.
35. What was the timeframe for response to the Expression of Interests?
36. How many Expressions of Interest were received?
37. How were the Expressions of Interest evaluated?
38. Was the process and results for evaluating Expressions of Interest? Please supply relevant documentation.
39. On what grounds were The Bridge successful in being awarded this contract?
40. What was the scope of the contract awarded?
41. Had The Bridge International been awarded any work or provided any other work that was paid for in part or in full from icare prior to the Expressions of Interest?
42. Who was responsible for conducting the Expressions of Interest?
43. Was there any actual or perceived conflict of interest in the leader or executive who conducted the expression of interest with the Bridge International? If so, where and when was this recorded?
44. How was the pricing Expressions of Interest for the review of EP MO publicised?
45. What other bodies of work has The Bridge International undertaken for icare or EML that was funded in part of full by icare?
46. What was the process of awarding each body of work to The Bridge International? Please provide details of whether this was by tender, expression of interest, or no selection process.
47. How much has icare either directly or indirectly paid the Bridge International for work undertaken or proposed for icare or the Nominal Insurer scheme?
48. What is the quantum of liabilities that icare or the Nominal Insurer scheme will owe The Bridge International this financial year?
49. How much are the liabilities that icare or the Nominal Insurer scheme will owe The Bridge International for the FY21 financial year?
50. Please list all the contracts the Bridge International is undertaking for the Nominal Insurer scheme, either engaged by icare or by the scheme agents (EML, GIO, Allianz).
51. Please provide the scope of services the Bridge International is providing to the Nominal Insurer scheme.

Answers:

32. A formal expression of interest was not conducted. A request for proposal (RFP) procurement
Treasury

was undertaken. Two parties (LEK and The Bridge) were asked for proposals to support the EPMO Review activity based on their specialist technical knowledge and experience.

33. As The Bridge International had conducted an earlier diagnostic review of the EPMO in August 2019 that concluded that further work was required and included a proposal for that work, a further proposal was not required.
34. See Question 32.
35. See Question 32.
36. See Question 32.
37. See Question 32.
38. See Question 32.
39. The recommendation to proceed with The Bridge International was the result of an interview process and an evaluation of the two proposals. This was based on a number of criteria including value for money (cost), knowledge of icare as well as availability.
40. The contractor was asked to undertake a review of icare's EPMO Operating Model and Governance framework (portfolio, program and projects), to enhance capabilities and optimise project and program delivery as per response to quotation.
41. Yes.
42. See Question 32.
43. See Question 32. In accordance with ICAC guidelines, no conflicts of interest were raised.
44. See Question 32.
45. From November 2018 to March 2020, The Bridge undertook six contracts with icare in relational operational reviews, organisational design and the EPMO review. Two further contracts were entered into with EML focused on improving claims management processes for injured workers in June and October 2019.
46. As per icare and NSW Government procurement policies, icare uses several market engagement methods for procured services aside from open tendering.
47. icare has directly made \$989,919.25 (excl GST) payments to the Bridge for work undertaken for icare or the Nominal Insurer.

icare (Nominal Insurer) has also approved project service orders up to the value of \$3.145m for services EML has contracted with The Bridge International.
48. \$1,250,845.75.
49. There is currently no work approved beyond FY20.
50. See Question 45.

51. See Question 45.

Introducing an Industry Model

Re Page 68 of the Estimates Transcript refers to icare introducing an industry model.

52. Why did icare feel this was necessary?
53. Who at icare is responsible for developing the requirements of this tender?
54. Please provide details of meetings in 2019 between representatives of industry associated with this tender and the representative of icare responsible for this tender.
55. When was the tender for this new model released?
56. When did the tender for this model close?
57. Who won the tender for the new industry model?
58. Please provide details of any meetings between the winner of this tender and the person(s) responsible at icare for this tender.
59. When was the winner of this tender announced?
60. Why was the winner of this tender selected?
61. On 28 February 2019, icare announced it was creating a special industry model for the Motor Traders' Association of NSW. This is in addition to the Authorised Provider model and the industry models. Is icare concerned about the complexity of having multiple models?
62. When will the industry model with the Motor Traders' Association of NSW begin?
63. Was any cost/benefit analysis of a separate model for the Motor Traders' Association undertaken?
64. What other industries is icare considering to create a specialised claims model for?

Answers:

52. After a two-year build, in January 2018, icare launched its new claims service model through an outsourced, single provider model. Concurrently, as part of the original concept to support large employers who have more complex needs, icare introduced an Authorised Provider pilot with Allianz.

NSW employers and workers liked the model and as a result icare rolled out the Authorised Provider model for large employers from early 2020, with three additional Authorised Providers: Allianz, GIO and QBE. This has given the State's larger employers the choice of their preferred provider of claims management services.

From the first quarter of 2020, customers with a basic tariff premium or are part of a Group with a basic tariff premium of more than \$1m are eligible to access the AP model. From June 2020, icare will extend this to customers with basic tariff premiums of more than \$500,000. These large employers represent a large proportion of the claims in the scheme. icare will also be undertaking a

pilot of a tailored claims management solution for small to medium employers in selected industries.

The target industries are Construction, Transport and Storage and Property and Business Services, chosen for their poorer return to work and employer feedback. These industries are often less-resourced and therefore require greater claims management support.

53. The authorising officer to issue the Request for Proposal (RFP) was the Group Executive Personal Injury.
54. There have been no specific meetings with industry about this initiative. Once icare appoints the provider we plan to undertake consultation with industry before confirming the scope and industries to be involved.
55. The RFP was released on the 27 December 2019.
56. The RFP closed on 23 January 2020.
57. Evaluation of the responses is still underway, with no preferred Respondent yet identified.
58. As the responses to the RFP are still being evaluated no contract has been awarded.
59. As the responses to the RFP are still being evaluated no contract has been awarded.
60. As the responses to the RFP are still being evaluated no contract has been awarded.

The evaluation of the responses to the RFP is based on the evaluation criteria in the RFP document.

61. It has been icare's intent to tailor services around the core service model and supporting technology platform. All claims will ultimately be managed on the one claims platform, including the Authorised Provider and industry models, which significantly reduces current complexity.

The industry model is to tailor services to an industry's needs to ensure icare is providing solutions for their specific challenges, whereas the Authorised Provider model is aimed to provide greater choice for customers at an individual level.

icare is providing additional support for SME's who want to support their injured worker but lack experience, knowledge or other capacity in how to do this.

62. The industry model partnership with the automotive industry, through the Motor Trades Alliance Agreement commenced in December 2018. The partnership will pioneer a new way of working that aims to achieve better injury prevention outcomes in the automotive industry. This new industry-aligned approach will empower businesses in the motor trades to overcome challenges together and achieve significant improvements in work-related injury prevention and recovery outcomes.

By using an industry representative to provide services to an industry group it will be positioned to achieve substantial improvements in reducing the frequency, severity and incidence of injuries and costs.

63. A cost/benefit analysis was undertaken for the whole of the Motor Trades industry and not just the Motor Traders' Association members. The objective of the agreement is to achieve a 10 per cent reduction in incidents, as well as improved RTW outcomes across the industry over the three-year

contract term. The Motor Trades Industry would benefit from having a partnership with icare that provides access to specialist services that focus on Work, Health and Safety to achieve the objective.

64. icare is considering the industries of construction, property and services and transport, subject to discussions with those and other industries.

Rolling over the EML contract

Re page 82 of the Estimates Transcript, Mr Nagle said he would provide the 128 criteria that EML would assess whether EML's contract would be rolled over.

65. What evaluation process will be undertaken to ensure that the Nominal Insurer scheme gets value for money, given the 'cost-plus' contract icare has with EML?
66. Will these 128 criteria be applied with the other service providers you have in the Nominal Insurer scheme?
67. Will these criteria be consistent across all providers?
68. What emphasis will return to work measures have on EML's contract roll over?
69. When do you expect to have a competitive tender process again for the Nominal Insurer scheme?
70. Is the Return to Work performance result of EML inflated by icare's Wollongong office? (Page 77 of the transcript).

Answers:

65. icare is currently reviewing EML's contract with a view to drive further improvements in customer service, compliance and return to work outcomes. Contract review is expected to be completed in time for Board review in July and subsequent discussions and negotiations to be completed by the end of calendar year.
66. Performance measures and targets are set at least annually in order to reflect the changing needs of the scheme. The governance and oversight of adherence to the performance criteria is monitored through reporting and audits resulting in contractual penalties and incentives for achieving the performance targets.
67. As each of the contracts managed by icare end/reach review periods, icare is standardising and improving the performance measures across the scheme. There are three different sets of performance metrics that icare monitors:
- Daily/weekly/monthly operational metrics that give lead indicators of customer service and overall performance
 - Service standards, that are minimum standards of performance that must be met in order to achieve full base fees
 - Remuneration measures
68. icare is assessing the EML contract at this time with the intent that RTW measures will have

increased incentives and focus going forward in order to align with other icare contracts.

69. icare has not set a timeframe for the next competitive tender process.
70. In 2018, icare set up a claims operation in Wollongong to support EML as it transitioned to the new icare claims platform, recognising the additional workload that would arise from additional training on the system. This team has continued to support targeted service delivery where additional support may be required. It will also be used to support claims management as other providers move onto the icare claims management system.

Independent report findings on icare's triage model

On page 58 of the Estimates Transcript, Mr Nagle refers to the triage model of icare.

71. As a percentage of total claims, how many claims were triaged properly in 2019?
72. What percentage of claims were triaged properly so far in 2020?
73. How many claims were escalated from icare's guide segment to support segment in calendar year 2019?
74. What is the target return to work rate for each of icare's segments at 4 weeks, 13 weeks and 26 weeks?

Answers:

71. Triage is a process by which the risk profile of claims is assessed against expected injury duration and biopsychosocial risk factors. It is an ongoing assessment that is most effective 3-7 days after lodgment when initial contact has been made and further information gathered. The triage process consists of both a triage algorithm and a team of qualified allied health professionals.

There were 43,000 claims lodged and closed in 2019 in Guidewire.

As at 31 December 2019, for all claims lodged since 4 February 2019 (and now closed), 90 per cent of claims had the same segment at lodgment and final segment, 93 per cent at day 7 and 97 per cent at day 30. The median time to re-segment a claim has reduced to less than one week.

72. To 19 March 2020, there were 16,000 claims lodged in Guidewire in 2020. Of these, 69 per cent are still open and 31 per cent are now closed. Of these, 88 per cent of claims had the same segment at lodgment and final segment, 94 per cent at day 7 and 99 per cent at day 30.

The accuracy at lodgment appears lower, because we are earlier in the year and therefore a fewer proportion of claims in the more complex segments have been closed. The results for day 7 and final segment are more indicative of the 2020 performance.

73. There were 73,000 claims lodged in Guidewire in 2019, of which 52,000 were initially assigned to Empower or Guide. Of these, 12,000 (24 per cent) were re-segmented to Support or Specialised as more information became known that was not known at lodgment.

74. icare does not set target RTW rates for each segment.

Contracts awarded without due process

75. From 2015-2019, please provide a table of details of contracts that icare has engaged in, or amounts paid to, Employers Mutual Limited subsidiaries and related entities including:
- (a) A. S. WHITE GLOBAL PTY LTD ACN 613 143 463 ABN 11 613 143 463
 - (b) ANTFARM HOLDINGS PTY LTD ACN: 607 053 538 ABN: 16607053538
 - (c) AS WHITE AUSTRALIA PTY LTD ACN 613 328 582 ABN 98 613 328 582
 - (d) ASWIG GROUP PTY. LTD. ACN 165 202 004 ABN 89 165 202 004
 - (e) ASWIG MANAGEMENT PTY LTD ACN: 002 617 012 ABN: 52 002 617 012
 - (f) ASWIG SOLUTIONS PTY LTD ACN: 114 293 417 ABN: 53114293417
 - (g) CAPACITY CONNECTION PTY LTD ACN 607 216 268
 - (h) EML ACADEMY PTY LTD ACN 614 005 855 ABN 39 614 005 855
 - (i) EMLIFE PTY LTD ACN: 613 902 346 ABN: 77613902346
 - (j) EMPLOYEE PROTECTION SOLUTIONS PTY LTD ACN: 604 985 275
ABN: 20604985275
 - (k) EMPLOYERS MUTUAL MANAGEMENT PTY LTD ACN: 001 735 191 ABN:
11001735191
 - (l) EMSAFE PTY LTD ACN: 141 623 350 ABN 91 141 623 350
 - (m) ISOCELES PTY LTD ACN: 100 368 198 ABN: 24100368198
 - (n) MUTUAL SOLUTIONS AUSTRALIA PTY LTD ACN 128 027 243 ABN 29 128 027
243
 - (o) RIVERWISE PTY. LIMITED ACN: 084 303 40 ABN: 20084303408
 - (p) TEC SENTRAL PTY LIMITED ACN: 169 041 8742

Answers:

75. The Nominal Insurer has two contracts with Employers Mutual NSW Limited – the Scheme Agent Services for the 2015 Deed and 2018 Service Provider Agreement.

Employers Mutual NSW Limited has advised that it had Key Subcontractors who would be providing some of the Services and sought the Nominal Insurer's approval of the Key Subcontractors.

The Designated Key Subcontract requires the Key Subcontractor to comply with all of the terms

and conditions of the Agreement that Employers Mutual NSW Limited is required to comply with. This ensures that the Nominal Insurer is adequately protected under Australian Law and that the necessary safeguards in place.

The management of all Key Subcontractors and Designated Key Subcontractor's is the responsibility of Employers Mutual NSW Limited. The Nominal Insurer does not pay any of these entities, this is the responsibility of Employers Mutual NSW Limited.

Listed in the table below is the Designated Key Subcontractors who were approved by the Nominal Insurer for Employers Mutual NSW Limited and the services they are to provide and current position.

	FY 2016
(a) A. S. WHITE GLOBAL PTY LTD ACN 613 143 463 ABN 11 613 143 463	AS White Global Pty Ltd is listed in the Key Subcontractor Register, pursuant to the 2018 Service Provider Agreement. It provided resourcing and facilities for Employers Mutual Management Pty Ltd. Any payments to A S White Global Pty Ltd are the responsibility of Employers Mutual NSW and not the Nominal Insurer
(b) ANTFARM HOLDINGS PTY LTD ACN: 607 053 538 ABN: 16607053538	Nil
(c) AS WHITE AUSTRALIA PTY LTD ACN 613 328 582 ABN 98 613 328 582	Nil
(d) ASWIG GROUP PTY. LTD. ACN 165 202 004 ABN 89 165 202 004	Nil
(e) ASWIG MANAGEMENT PTY LTD ACN: 002 617 012 ABN: 52 002 617 012	Nil
(f) ASWIG SOLUTIONS PTY LTD ACN: 114 293 417 ABN: 53114293417	ASWIG Solutions Pty Ltd is listed in the Key Subcontractor Register, pursuant to the 2015 Scheme Deed The services provided by Aswig included the provision and management of the Employers Mutual information technology and communication services.
(g) CAPACITY CONNECTION PTY LTD ACN 607 216 268	Nil
(h) EML ACADEMY PTY LTD ACN 614 005 855 ABN 39 614 005 855	Nil
(i) EMLIFE PTY LTD ACN: 613 902 346 ABN: 77613902346	Nil
(j) EMPLOYEE PROTECTION SOLUTIONS PTY LTD ACN: 604 985 275 ABN: 20604985275	Nil
(k) EMPLOYERS MUTUAL MANAGEMENT PTY LTD	Employers Mutual Management Pty Ltd is listed in the Key Subcontractor Register, pursuant to the 2015 Scheme Deed

ACN: 001 735 191 ABN: 11001735191	The Services provided by Employers Mutual Management Pty Limited (ABN 11 001 735 191) include registration of new injury claims, processing of wage reimbursements, processing of medical certificates / certificates of capacity, processing of medical and related payments (document indexing, storing and distribution. , collation of data entry of source information for wages.
(l) EMSAFE PTY LTD ACN: 141 623 350 ABN 91 141 623 350	Nil
(m) ISOCELES PTY LTD ACN: 100 368 198 ABN: 24100368198	Nil
(n) MUTUAL SOLUTIONS AUSTRALIA PTY LTD ACN 128 027 243 ABN 29 128 027 243	Nil
(o) RIVERWISE PTY. LIMITED ACN: 084 303 40 ABN: 20084303408	Nil
(p) TEC SENTRAL PTY LIMITED ACN: 169 041 8742	Nil

Questions from the Hon Mark Buttigieg MLC (on behalf of the NSW Labor Opposition)

Port of Newcastle

76. Did the Government reach any settlement with Mayfield Development Corporation Pty Ltd after concluding negotiations in November 2013?
- a. If yes, what was the Government's authority to reach a settlement with Mayfield Development Corporation Pty Ltd?
 - b. If any settlement was concluded, is this settlement confidential?
77. What economic modelling did Treasury undertake in relation to a container terminal being developed at the Port of Newcastle under the Government's terms for developing a container terminal at the Port of Newcastle?
78. On what date did the Government inform the public and Parliament about the Government's terms for developing a container terminal at the Port of Newcastle?
79. Has the Government entered into any arrangements with the lessee of the Port of Newcastle which involve penalties if the number of containers moved through the port exceeds a set

threshold?

80. What is the Treasurer's understanding of the "container cap issue" at the Port of Newcastle as identified by the Government's spokesperson for the Hunter, The Hon Catherine Cusack MLC, in the Legislative Council on 26 February 2020?
81. When the Government leased the Port of Newcastle to Port of Newcastle Investments Pty Ltd on May 31 2014, was a cap put on the number of containers that can be moved through the port for which a penalty did not apply?
 - a. If yes, what is the purpose of the Government's penalty for exceeding the cap on numbers at the Port of Newcastle?
82. Did the government inform the public and the Parliament about the penalty for exceeding the cap on numbers at the Port of Newcastle for which no penalty applies?
 - a. If yes, when?
83. Does the "*Ports Assets (Authorised Transactions) Act 2012*" authorise the Government to pay the lessee of Port Botany and Port Kembla in respect of any containers shipped through the Port of Newcastle?
 - a. If yes, which section?
84. Does the "*Ports Assets (Authorised Transactions) Act 2012*" authorise the Government's container penalty at the Port of Newcastle?
 - a. If yes, which section?

Answers:

76. These matters are commercial in confidence.
77. Treasury has not undertaken economic modelling specifically in relation to the development of a container terminal at the Port of Newcastle.
78. Please refer to the media release of The Hon Mike Baird MP and The Hon Duncan Gay MP dated 27 July 2012 'Green Light Given for Long Term Lease of Port Botany and Port Kembla'. The Government's position was confirmed in the NSW Freight and Port Strategy which was published subsequently.
79. Please refer to the answer to question 106 of the supplementary questions by the Treasurer for the 2019-20 Budget Estimates.
80. This is a matter for The Hon Catherine Cusack MLC.
81. Please refer to the answer to question 106 of the supplementary questions by the Treasurer for the 2019-20 Budget Estimates. The matter is otherwise subject to the sub judice convention.

82. Please refer to the answer to question 106 of the supplementary questions by the Treasurer for the 2019-20 Budget Estimates and the findings of the Parliamentary Inquiry on 'Impact of Port of Newcastle sale arrangements on public works expenditure in New South Wales' in relation to the disclosure of the Port Commitment Deeds.
83. This matter is currently the subject of court proceedings and is therefore subject to the sub judice convention.
84. This matter is currently the subject of court proceedings and is therefore subject to the sub judice convention.

<p>Questions from the Hon Adam Searle MLC</p>
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The following questions are directed to Mr Mike Pratt AM, Secretary, NSW Treasury

Wentworth Advantage draft report, Landcom Investigation Report into Bullying Complaints made against Ms Suzanne Jones, March 2019

85. When did you first see this document?
86. When did you become aware of this document, the draft report?
87. Your evidence last year was that you took over 'ownership' of the investigation from Landcom. What briefings did you receive on the progress of the process of Mr Werman's investigation?
88. What briefings did you receive on the process of the preparation of Mr Werman's written reports (the draft reports and the final report)?
89. Were you briefed at any time on the content of this draft report?
- a. If yes, when were you briefed and by whom?
90. What feedback did you provide on this or any draft of Mr Werman's report?
91. What action did you take in relation to this draft of Mr Werman's report?
92. What action did you take in relation to any of the drafts of Mr Werman's report?
93. What advice, legal or otherwise, was obtained on the content of this draft of Mr Werman's report?
- a. On whose instructions was that advice obtained?
- b. What advice, legal or otherwise, was obtained on the content of any of the other drafts of Mr Werman's report?
- c. On whose instructions was that advice obtained?
- d. From whom was that advice obtained?
- e. Was that advice in writing?

- f. When was that advice received?
- g. Were you briefed by any person on the content of that advice?
- h. If yes, by whom were you briefed?
- i. Did you see any advice?
- j. What action did you take on that advice?

94. What advice, legal or otherwise, was obtained on the content of this draft of Mr Werman's report?

- a. On whose instructions was that advice obtained?
- b. What advice, legal or otherwise, was obtained on the content of any of the other drafts of Mr Werman's report?
- c. On whose instructions was that advice obtained?
- d. From whom was that advice obtained?
- e. Was that advice in writing?
- f. When was that advice received?
- g. Were you briefed by any person on the content of that advice?
- h. If yes, by whom were you briefed?
- i. Did you see any advice?
- j. What action did you take on that advice?

Answers:

85. Secretary Pratt received a copy of the report via email from the Committee on 27 March 2020.

86. Secretary Pratt became aware that additional drafts of the Investigation Report existed after the Legislative Council passed an order for papers under Standing Order 52 for papers relating to the Landcom Directors and Chair on 17 October 2019.

87. Secretary Pratt received both verbal and formal written briefings in the course of the investigation.

88. See answer to question 87.

89. No.

90. None.

91. None.

92. As previously advised, Secretary Pratt requested further investigative work be undertaken on one matter in the Investigation Report dated 31 March 2019.

93 While Landcom obtained legal advice on the draft report, Treasury did not seek advice, legal or otherwise, on any draft report and Secretary Pratt did not have any knowledge of the content of the advice obtained by Landcom.

94. See answer to question 92.