

# **Budget Estimates**

Portfolio Committee No 1 – Premier and Finance

## **TREASURY**

Friday, 20 August 2021

## **SUPPLEMENTARY QUESTIONS**

## **Supplementary Questions**

### **Questions from the Hon Mark Buttigieg MLC (on behalf of the Opposition)**

#### **NSW Generations Fund**

1. Did the Treasurer deposit any windfall tax revenue into the NSW Generations Fund (Debt Retirement Fund) in FY 20/21?
  - a. If so, what was the size of the deposit?

#### **RESPONSE**

No.

2. Did the NSW Generations Fund (Debt Retirement Fund) receive any distributions in FY 20/21?
  - a. If so, how much did the fund receive?
  - b. Was this distribution paid by Roads Retained Interest Pty Ltd?
  - c. If not, who paid the distribution?

#### **RESPONSE**

The Fund received \$95 million in Roads Retained Interest Pty Ltd (RRIPL) distributions during 2020-21.

3. Which agencies or departments had a cash surplus at the end of financial year 20/21?
  - a. Is the Government depositing these agencies cash surplus into the NSW Generations Fund (Debt Retirement Fund)?

#### **RESPONSE**

For details of agencies' operating cash performance, please refer to Budget Paper 4 – *Agency Financial Statements*.

The Government is not depositing into the NSW Generations Fund (Debt Retirement Fund) any agencies' cash surpluses or cash assets required for operating. There is a clear separation between agencies' own operating cash and working capital, which they hold on to in their own accounts, and any surplus cash that may be deposited into the Debt Retirement Fund.

4. For the NSW Generations Fund (Debt Retirement Fund), what are the current strategic assets allocations in:
  - a. Australian shares?
  - b. International shares?
  - c. Emerging Market Shares?
  - d. Alternatives?
  - e. Unlisted property and infrastructure?
  - f. Opportunistic?
  - g. Emerging market debt?
  - h. Bank loans?
  - i. High yield?
  - j. Cash?

## RESPONSE

The Fund's asset allocation as of 30 June 2021 was:

As at 30 June 2021	Asset allocation
Australian Shares	11.95%
International Shares	22.68%
Emerging Market Shares	5.62%
Alternatives	25.53%
Unlisted Property and Infrastructure	9.66%
Opportunistic	1.65%
Emerging Market Debt	6.06%
Bank Loans	4.84%
High Yield	3.04%
Cash	8.97%
<b>Total</b>	<b>100.00%</b>

5. As of budget day, how much was the government intending to contribute to the NSW Generations Fund (Debt Retirement Fund) in each year of the forward estimates?

## RESPONSE

This information is available in the 2021-22 Budget papers.

6. Who are the members of the NSW Treasury's Assets and Liability Committee?

## RESPONSE

The Assets and Liability Committee consists of the following members, as of its latest meeting on 25 August 2021:

- Philip Gardner (Chair) - Deputy Secretary, Commercial and Procurement, NSW Treasury
- San Midha (Deputy Chair) - Deputy Secretary, Policy and Budget, NSW Treasury
- David Deverall - CEO, TCorp
- Richard Harding - CEO and Managing Director, icare
- Simon Ling - General Manager, Financial Markets, TCorp
- Shaun Smith - Deputy Secretary, Corporate Services, Department of Planning, Industry & Environment

7. Does the NSW Generations Fund (Debt Retirement Fund) have an investment mandate?
- a. If so, can you provide?
  - b. When was it determined?
  - c. When was the last time it was updated?
  - d. If not, why not?

## RESPONSE

There is an Investment Services Agreement (ISA) setting out the Fund's governance arrangements and investment risk/return objectives. The ISA sets out how the Fund is to be managed including Investment Benchmarks and Guidelines.

Please refer to the NSW Generations Fund Annual Reports (<https://www.budget.nsw.gov.au/nsw-generations-fund>) for publicly available information on its investment strategy.

8. Does T-Corp invest the monies contained in the NSW Generations Fund (Debt Retirement Fund) using other firms or managers?
- a. If so, please list the managers by each asset class referred to in question four?
  - b. How are these managers selected?
  - c. Who assesses their performance, and how often are their performances assessed?
  - d. Has T-Corp terminated any manager since the fund was created?
    - i. If so, who was terminated?
    - ii. What were the reasons for termination?
  - e. How are assets managers remunerated?
  - f. Has T-Corp imposed any key performance indicators on any asset manager?
    - i. If so, what are they?
    - ii. How were these KPIs determined?

## RESPONSE

T-Corp does invest monies contained in the NSW Generations Fund (Debt Retirement Fund) using other firms or managers.

- a. Below is the list of NGF managers by each asset class referred to in question 4.

Asset Class	NGF manager as at 12 August 2021
<b>Alternatives</b>	FULCRUM
	GAM
	GMO
	INVESCO
	K2 Advisors
	MAN
	PINEBRIDGE
	PYRFORD
<b>Australian Equity</b>	ALPHINITY
	AUSBIL
	BLACKROCK
	MACQUARIE SECURITIES
	NORTHCAPE
	PENDAL
	PLATYPUS
<b>Bank Loans</b>	ICG
	KKR
	PINEBRIDGE

<b>Cash</b>	TCORP_AM
	TCORP_IM
<b>Emerging Market Debt</b>	LAZARD
	NINETY_ONE
<b>Emerging Market Equity</b>	BLACKROCK
	NINETY_ONE
	NORTHCAPE
	SCHRODERS
<b>Global High Yield</b>	BRIGADE
<b>International Equity</b>	ARDEVORA
	ARTISAN
	BLACKROCK
	HARRIS
	MFS
	NINETY_ONE
	NORTHERN_TRUST
	ROBECO
<b>Opportunistic</b>	KKR
	RESOLUTION_LIFE
<b>Unlisted Infrastructure</b>	HERMES
	IFM
	MORGAN STANLEY
	MORRISON
	TCORP_IM
	TCORP_STEPSTONE
	WHITEHELM
<b>Unlisted Property</b>	AMP_CAPITAL
	BLACKSTONE
	BROOKFIELD
	DEXUS
	EG
	GPT
	LOGOS
	TCORP_IM

- b. Managers are selected by TCorp following the application of a thorough assessment and governance process including detailed investment due diligence and operational due diligence of managers. This is implemented in accordance with TCorp's board and management policies.
- c. Manager investment performance is reviewed by TCorp's Portfolio Delivery team which reports to the Chief Investment Officer. Manager performance is reviewed on a monthly basis. Exceptions are presented to TCorp's Management Investment Committee on a quarterly basis.
- d. TCorp has terminated managers since the fund was created. Below is the list of terminated managers and the reasons for their termination.

<b>Asset Class</b>	<b>NGF manager</b>	<b>Termination Reason</b>
<b>Alternatives</b>	BLACKROCK	Sustained underperformance
	JPM	Portfolio manager departure
<b>Australian Equity</b>	AB	Restructure of the asset class
	ALPHINITY	Restructure of the asset class
	BLACKROCK	Restructure of the asset class
	COOPER	Restructure of the asset class
	DIMENSIONAL	Restructure of the asset class
	FIDELITY	Restructure of the asset class
	LAZARD	Restructure of the asset class
	MERLON	Restructure of the asset class
	REALINDEX	Restructure of the asset class
	YARRA CAPITAL	Restructure of the asset class
<b>Emerging Market Equity</b>	HGI	Restructure of the asset class
	ROBECO	Restructure of the asset class
	WASATCH	Restructure of the asset class
<b>Global High Yield</b>	NOMURA	Restructure of the asset class
<b>International Equity</b>	AQR	Restructure of the asset class
	ARROWSTREET	Restructure of the asset class
	C WORLDWIDE	Restructure of the asset class
	COPPER_ROCK	Restructure of the asset class
	DIMENSIONAL	Restructure of the asset class
	PANAGORA	Restructure of the asset class
	SCHRODERS	Restructure of the asset class
	SSGA	Restructure of the asset class
	VERITAS	Restructure of the asset class
<b>Listed Infrastructure</b>	BLACKROCK	Asset class terminated
<b>Listed Property</b>	BLACKROCK	Asset class terminated
<b>Unlisted Infrastructure</b>	SSGA	Manager consolidation
<b>Unlisted Property</b>	INVESTA	A combination of scale and structural changes

- e. Consistent with industry practice, managers are remunerated in accordance with investment management agreements, typically via a fee charged according to the funds under management in the strategy. In some cases, such as alternatives and private markets, remuneration may include a performance fee.
- f. TCorp imposes key performance indicators on asset managers. KPIs are established for performance objectives, investment parameters including restrictions, breach notification, reporting obligations, including timing of reporting delivery, and permissions. These are established according to the investment strategy and agreed through negotiation with managers, referring to industry standards, TCorp and client needs.

9. Referring to page A1-9 of the Budget, what is the definition of:

- a. Cash flows from investments in non-financial assets?
- b. Cash flows from investments in Financial assets for policy purposes?

- c. Cash flows from investments in financial assets for liquidity purposes
- d. Regarding the line item. 'Net cash flows from investments in financial assets for liquidity purposes, please list investment by fund or agency for each year of the forward estimates?

**RESPONSE**

The Uniform Presentation Framework (UPF) is presented in accordance with the Australian Accounting Standard AASB 1049 Whole of Government and General Government Sector Financial Reporting, which adopts a harmonised Government Finance Statistics (GFS)/Generally Accepted Accounting Principles (GAAP) reporting basis.

**Government Debt**

10. How much NSW Government debt is currently owned by the Reserve Bank of Australia?
- a. How much has the NSW Government paid to the RBA in interest in each year for the last two years?

**RESPONSE**

As at 31 July 2021, the Reserve Bank Australia (RBA) held nearly \$11.4 billion of TCorp debt.

The amount of interest paid to the RBA by TCorp in 2019-20 was ~\$30 million.

11. Please list NSW's top 10 creditors, and the amount NSW owes each of them?

**RESPONSE**

The list of NSW's top 10 creditors is commercial-in-confidence and cannot be disclosed.

**Housing Affordability**

12. Has NSW Treasury undertaken any modelling on the impact of the last decade of NSW Government policy on housing prices?
- a. If so, what did this modelling conclude?
  - b. Has it been published?
  - c. If not, why not?

**RESPONSE**

NSW Treasury has not modelled the impact of the last decade of NSW Government policy on housing prices.

13. Has NSW Treasury modelled or estimated the number of dwellings that would need to be constructed each year to reduce annual property price increases to at or near zero?
- a. If so, how many dwellings would be required?

**RESPONSE**

NSW Treasury has not modelled (or estimated) the number of dwellings needing to be constructed annually to reduce property price increases to at or near zero.

14. The 2021-22 NSW Intergenerational Report notes that strong housing price growth has been driven by declining interest rates and a supply-constrained housing market, what does NSW Treasury consider to be the largest contributors to the supply constraints on the housing market?

**RESPONSE**

As outlined in the 2021 New South Wales Intergenerational Report (IGR), there was an extended period in the late 2000s and early 2010s where the amount of new housing being built was not sufficient to keep pace with population growth and changes in underlying demand. This resulted in an accumulated housing undersupply which was first reported in the 2016 IGR.

A range of factors contribute to housing supply constraints. The NSW Productivity Commission's Productivity White Paper outlines in detail some of the key challenges in delivering sufficient housing supply for NSW's growing population.

15. The 2021-22 NSW Intergenerational Report notes that achieving the construction of the projected 1.7 million new homes by 2060-61 will "...be a significant challenge". What are the key challenges that need to be addressed to meet this home building challenge?

**RESPONSE**

As outlined in the 2021 NSW Intergenerational Report (IGR), New South Wales will need to add an average of 42,000 new homes every year for the next 40 years to meet demand. NSW has experienced record high construction activity over recent years due to a concerted effort to increase planning approvals and build enabling infrastructure in priority precincts. Developers were also incentivised by strong housing price growth, which was itself partly driven by an accumulated undersupply as outlined in the 2016 NSW Intergenerational Report.

The IGR further notes that maintaining a similar focus could be difficult to sustain over the coming decades, particularly as vacant land becomes scarcer which increases the need for development in the areas that have already been built up.

The NSW Productivity Commission's Productivity White Paper outlines in detail some of the key challenges in delivering sufficient housing supply for NSW's growing population.

16. How much are housing prices likely to rise as a result of supply chain constraints on building materials?

**RESPONSE**

NSW Treasury has not modelled the impact on housing prices as a result of supply chain constraints on building materials.



## **Test and Isolate Support Payments**

17. What is the estimated cost of the NSW Government's "Test and Isolate" Support Payment?

### **RESPONSE**

NSW Health prepared the costings to support the Test and Isolate program. This question should be referred to the Minister for Health.

18. Was NSW Treasury asked to estimate the cost of extending "Test and Isolate" Support Payments to residents of the Wollongong local government area?

- a. If so, what was the estimated cost?

### **RESPONSE**

NSW Health prepared the costings to support the Test and Isolate program. This question should be referred to the Minister for Health.

19. Was NSW Treasury asked to estimate the cost of extending "Test and Isolate" Support Payments to areas of Greater Sydney beyond the local government areas of concern?

- a. If so, what was the estimated cost?

### **RESPONSE**

NSW Health prepared the costings to support the Test and Isolate program. This question should be referred to the Minister for Health.

20. Did NSW Treasury provide advice that eligibility for the "Test and Isolate" Support Payments should be limited to a specific geographic region?

- a. Was NSW Treasury consulted on the decision to limit the payment by geography rather than for health reasons?

### **RESPONSE**

Advice provided to the Crisis Policy Committee of Cabinet is Cabinet-in-Confidence.

## **Women in Leadership**

21. How many SES positions are employed in Treasury?

- a. How many SES positions in Treasury are filled by women?

### **RESPONSE**

As of 1 September 2021, there are 108 SES positions employed in ongoing roles in Treasury. 44 of these roles are held by women.

## **Efficiency Dividend**

22. Since the 2018-19 NSW Budget, there has been 4 years of 3% efficiency dividends required by each agency.

- a. How has Treasury met the efficiency dividend requirements over the last 4 years?
- b. How many positions in Treasury have been required to be made redundant in the last 4 years?
  - i. What position levels were made redundant?
  - ii. What location/s were these positions originally based in?
- c. What services have been cut by Treasury to comply with the efficiency dividend requirements over the last 4 years?

### **RESPONSE**

a. Efficiency dividend requirements have been met by reducing the available budget across several expenditure categories and implementation of key strategies across Procurement, employee related and other reform.

1. Procurement - NSW Procurement works to deliver whole of government savings by embedding ongoing category management.

Key elements of this strategy include:

- Negotiate better terms on large consultancy engagements
- Contracting and Procurement Strategies
- Utilising internal data to drive targeted cost reduction strategies
- Align contractor pay rates to benchmarks

The Treasury cluster have implemented these strategies across its procurement base to achieve allocated Procurement savings.

2. Reduction in employee related expenses by:

- Reshaping the workforce in light of Machinery of Government and changing demands and strategy for achieving outcomes budgeting.
- Functional and efficiency reviews of Groups joining Treasury following MoG changes
- Proportionate savings allocation to other entities within the Cluster to identify employee savings Budgets allocated to members of the Treasury leadership team with significant target savings measures applied to their baseline, requiring Groups to conduct one or more of the following initiatives:
  - i. Re-prioritise resource requirements to deliver key priorities in line with business plans.
  - ii. Streamline systems and processes through restructures, consolidation and/or abolitions of teams or functions. This also includes consolidation of existing functions between agencies.
  - iii. Implement redundancy and change management initiatives.
  - iv. Identify opportunities to not fill current vacancies and eliminate roles.
  - v. Recruit by exception.

3. Other Reform:

- More effective contractor management, including streamlining contractor rates, conversion to permanent FTEs where appropriate, utilising a best-in-class contractor vendor management system coupled with more comprehensive analysis and reporting to management.
  - Establishment and utilisation of a contractor talent pool
  - Proportionate savings allocations to all Groups and Cluster entities to identify savings
  - More detailed monthly management reporting to monitor actual spend against budget
  - Streamline systems and processes to create efficiencies.
- b. Any positions which have been made redundant by Treasury are the result of an analysis of work priorities and the structure required to deliver on outcomes. They are not entirely driven by cost saving or efficiency dividend objectives.
- c. The Commissioning NSW function was wound up following a review which determined it had substantially delivered on its remit and the processes and controls were materially embedded in agencies.

**icare**

23. How many roles are being cut from icare in the whole of icare restructure?

a. What are the gradings of the roles being cut?

**RESPONSE**

The whole of icare restructure commenced with consultation on 25 May 2021. As at the end of August 2021, this has resulted in 80 redundant roles comprising:

- 54 Individual Employment Agreement (IEA) roles; and
- 26 Award roles.

A breakdown of the Award roles are as follows:

<b>Grade</b>	<b>Number of Roles</b>
4/5	1
5/6	6
7/8	1
9/10	10
11/12	8
<b>Total</b>	<b>26</b>

24. What assurances will you make to the vulnerable injured people under workers compensation, life-time care and support, and dust diseases, that the cuts to staff will not reduce service and service times?

**RESPONSE**

Front line roles are accountable for providing quality customer service and service times to support people injured under workers compensation, lifetime care and dust diseases. icare confirms that no frontline roles were impacted because of the whole of icare restructure which in-turn should not reduce service and service times.

### **Treasury Managed Fund**

25. With the projected average cost of a psychological claim in the Treasury Managed Fund sitting at \$199,000, and many injured public servants waiting for months for access to support, what measures are you taking to improve support and access to return to work in NSW Government agencies who are part of the TMF?

#### **RESPONSE**

icare is working with its Claims Service Providers and Agencies to develop and deliver programs that aim to provide both the tools and knowledge to prevent psychological injury claims, and to improve the management once a claim has been lodged.

The needs of icare's agencies vary significantly based on the service they provide to the people of NSW. As such, while some programs can be delivered across the whole TMF scheme, a number are agency specific.

From a claims perspective, icare is refreshing the Work Injury Screening and Early intervention, or WISE program, for TMF Agencies. It is also providing extension training and learning to support NSW government sector employees to maintain their own mental health, support mental wellbeing in others (e.g., Mental Health First Aid, Leading with Psychological Safety and Mental Health Peer Connect programs).

icare is also providing oversight and support for Claims Service Provider and Agency specific programs, including:

- The *Connect and Care* program, which aims to empower injured people and their leaders to identify potential injuries, overcome barriers and to achieve mutually beneficial outcomes. This program supports both prevention and effective claims management.
- NSW Health: Pre-claim mediation pilot being conducted with Western Local Health District, targeting prevention from bullying and harassment.
- Emergency services: EML, icare and the University of NSW have joined in partnership to support research with Professor Richard Bryant's team at the Traumatic Stress Clinic. This program will be offered to 120 emergency service workers who have difficulty in maintaining their work duties because of stress reactions.
- Department of Education: The *I am here* program is a continuous learning and support program to help education workplaces create a belief and behaviour where it's ok to not feel ok, and to ask for help.

The *Respect and Resilience Customer Aggression Intervention* is a voluntary primary prevention program offered to employers in the NSW retail sector to prevent the effects to an individual's physical, psychological and social health caused by exposure

to the spectrum of negative acts perpetrated by customers and directed at service employees.

26. Given the Treasury Managed Fund required \$2 billion in funding to prevent it from going into deficit, what assurances can you give the hard working essential workers in the current COVID pandemic that they will not have their workers compensation entitlements reduced?

**RESPONSE**

Workers' compensation entitlements for injured workers are managed in accordance to existing legislative requirements as determined by the State Insurance Regulatory Authority.

**Expenses**

27. For each department, agency, State Owned Corporation or other body, and for each division of those bodies, if any, in your portfolio/cluster in FY 20/21 what was the total amount spent on each of the following categories?
- a. Indoor plants
  - b. coffee and tea
  - c. crockery
  - d. kettles, sandwich presses and toasters
  - e. alcohol
  - f. cakes, muffins and pastries
  - g. computers, computer monitors and office chairs
  - h. office renovations and fit-outs
  - i. taxi and rideshare expenses
  - j. office equipment
  - k. office renovations or upgrades
  - l. hospitality
  - m. conferences
  - n. travel
  - o. accommodation
  - p. employee development and training activities
  - q. study assistance
  - r. travelling and meal expenses
  - s. temporary accommodation benefits - commercial and private
  - t. removal and storage expenses
  - u. education of children
  - v. reimbursement of transaction expenses (includes stamp duty, real estate costs for employee who is moving)
  - w. reimbursement of incidental costs (includes gas, electricity)
  - x. additional benefits

**RESPONSE**

NSW Treasury captures the following expenses information in regular data reporting:

Item	Amount
(a) Indoor plants	\$19,543.16

(b) coffee and tea	Level of detail requested is not captured in normal accounting process
(c) crockery	Level of detail requested is not captured in normal accounting process
(d) kettles, sandwich presses and toasters	Level of detail requested is not captured in normal accounting process
(e) alcohol	\$1,684.21
(f) cakes, muffins and pastries	Level of detail requested is not captured in normal accounting process
(g) computers, computer monitors and office chairs	\$493,694.62
(h) office renovations and fit-outs	\$211,838.30
(i) taxi and rideshare expenses	\$34,295.07
(j) office equipment	\$74,297.98
(k) office renovations or upgrades	Refer to (h)
(l) hospitality	\$66,157.02
m) conferences	\$330,962.83
(n) travel	\$77,473.32 Items are not readily separated.
(o) accommodation	
(r) travelling and meal expenses	
(p) employee development and training activities	\$1,140,933.82
(q) study assistance	\$89,388.94
(s) temporary accommodation benefits - commercial and private	Nil
(t) removal and storage expenses	Nil
(u) education of children	Nil
(v) reimbursement of transaction expenses (includes stamp duty, real estate costs for employee who is moving)	\$9,695.51
(w) reimbursement of incidental costs (includes gas, electricity)	No incidental costs relating to personal use are reimbursed.
(x) additional benefits	Employee benefits e.g. Recreation leave, Superannuation, etc are all available in the audited financial statements presented in the relevant year's Annual Report.

Information in relation to other entities are published in their respective annual reports. I refer you to the annual reports of those entities.

- 28.** For each department, agency, State Owned Corporation (SOC) or other body, and for each division of those bodies, if any, in your portfolio/cluster, from FY 20/21 what are details (specific item, and total cost) of the top five most expensive occurrences of

spending on each of the following categories?

- a. indoor plants
- b. coffee and tea
- c. crockery
- d. kettles, sandwich presses and toasters
- e. alcohol
- f. cakes, muffins and pastries
- g. computers, computer monitors and office chairs
- h. office renovations and fit-outs
- i. taxi and rideshare expenses
- j. office equipment
- k. office renovations or upgrades
- l. hospitality
- m. conferences
- n. travel
- o. accommodation
- p. employee development and training activities
- q. study assistance
- r. travelling and meal expenses
- s. temporary accommodation benefits - commercial and private
- t. removal and storage expenses
- u. education of children
- v. reimbursement of transaction expenses (includes stamp duty, real estate costs for employee who is moving)
- w. reimbursement of incidental costs (includes gas, electricity)
- x. additional benefits

## RESPONSE

NSW Treasury captures the following expenses information in regular data reporting:

### (a) Indoor Plant

Top 5 most expensive items	Amount
Facilities Services May/Jun20	6,911.36
Accr Jul20 – Indoor Plant Hire	2,417.31
Accr Oct-20 – Minor Office Fitout Costs.	1,979.71
Accr Sept-20 – Minor Office Fitout Costs.	1,979.71
Accr Jun-21 – Indoor Plant Hire	1,730.02
Accr Aug20 – Minor Office Fitout Costs.	1,544.38

### ( e ) Alcohol

Top 5 most expensive items - 4 items only	Amount
Supplies for end of financial year all staff recognition event	1,118.36
Supplies for end of financial year all staff recognition event	362.54
Supplies for end of financial year all staff recognition event	106.22
Supplies for end of financial year all staff recognition event	97.09
Gift of wine for panel list	68.18

**(g) Computer & Chairs**

Top 5 most expensive items	Amount
214 x replacement laptops	400,770.64
Olympus - QN002157 - 14 x HP Elite Book360 Laptops	38,323.45
Olympus - QN070820-05 x Surface Pro Laptops	16,110.44
Olympus - QN 001641 - 10 x Samsung Monitors	7,712.95
Haworth-6 x Zody Chairs	2,937.48

**(h) office renovations and fit-outs**

Top 5 most expensive items - 3 payments only	Amount
Cooling Tower - York St - Air Conditioning towers at Sydney Startup Hub	56,742.00
Cooling Tower - York St - Air Conditioning towers at Sydney Startup Hub	96,237.90
Cooling Tower - York St - Air Conditioning towers at Sydney Startup Hub	57,688.40

**(i) Taxi and rideshare expenses**

Top 5 most expensive items	Amount
Cabcharge-Mar21-Small Business Commission	814.23
Cabcharge-Mar21- Commercial & Procurement Team	560.05
Cabcharge-Oct20-Small Business Commission	574.00
ACR-Taxi-May21-Small Business Commission	603.86
ACR-Taxi-Jun21-Communications Team	759.26

**(j) Office Equipment**

Top 5 most expensive items	Amount
POMT engaged to replace/configure 1 new LCD TV and AV in Riddell Room	3,029.33
Apple - 50 iPhone Purchase (25 x Iphone 12 black 128GB and 25 x Iphone 12 Blue 128GB)	61,050.00
Olympus - QN001931 - USB Order 250 x Stor N Go Slider, USD 2.0 Drive 16 GB Black	1,072.50
Nallawilli Room - Samsung UHD Interactive E-Board, mobile stand and cabling	3,500.00
Olympus-QN001965-KeyboardMouse Set Order	4,085.00

**(l) Hospitality**

Top 5 most expensive items	Amount
NSW Small Business 2020 Partner Reception	3,246.81
Australia-Vietnam Young Leadership Dialogue Launch (AVYLD) from International Trade - Investment & Market ASEAN	6,000.00
Catering from Budget Day-17.11.20	4,595.87
MCA-Catering-22/04/21- Bringing together NSW Government representatives and business leaders to discuss initiatives to support economic recovery in Sydney CBD	7,000.00
General Catering 11 Mar 21 - Sydney Start-up Hub	4,741.20



General Catering 10 Mar 21 - Sydney Start-up Hub	4,741.20
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**(m) Conference**

Top 5 most expensive items	Amount
Sprouta-Collective Intelligence Sessions-4 groups of x 2 facilitated sessions (90 mins delivered virtually)	25,000.00
International Operation team (part of Trade) - UK representative	26,096.40
Professional Model Build training May21: Commercial Assets, Commercial Transactions, ISFU, Procurement, Financial Risk Mgt	17,000.00
Facilitation for Culture Conversations at Treasury	14,000.00
Facilitation for Culture Conversations at Treasury	14,000.00

**(n)+(o)+( r ) Travel related expenses**

Top 5 most expensive items	Amount
Citi-Trvl-04.05-03.06.21-Flight-Jobs,Investment, Tourism team	4,014.45
Citi-Trvl-04.05-03.06.21-Accommodation-Trade Team	3,709.16
Hotel Accommodation Trip to Shanghai 19/6 - 10/7 : Trade Commissioner in China	5,834.67
Hotel Accommodation Shanghai2/11/-14/11/2020 -Trade Commissioner in China	4,025.90
Hotel accommodation in Shanghai - Trade Commissioner in China	4,260.31

**(p) employee development and training activities**

Top 5 most expensive items	Amount
Senior Leadership development	86,430.00
Diploma of Government Enrolment - Grads - 9 participants	52,551.00
Senior Leadership development: 40%Leader as Coach & 40% Lead the way	105,360.00
Senior Leadership development: Styles & Climate assessment and Debrief for 30 x leaders	67,500.00
Senior Leadership development: 40%Leader as Coach & 40% Lead the way	105,360.00

**(q) Study Assistance**

Top 5 most expensive items	Amount
Learning & Development – NSW Procurement Employee – MBA (Yr 4)	7,500.00
Outcome Budgeting Employee – UTS – Master of Data Science and Innovation (Yr 4)	3,898.75
Regulatory Improvement (ESD) Employee UoS – Y6 Juris Doctor Education (P&B) Employee UoNSW – Master of Economics (Term 2-3)	10,000.00
Outcome Budgeting Employee UTS – Master of Data Science and Innovation (Yr 4)	6,634.79
Outcome Budgeting Employee UTS – Master of Data Science and Innovation (Yr 4)	6,101.25

**(v) Reimbursement of transaction expenses (includes stamp duty, real estate costs for employee who is moving)**

Top 5 most expensive items – Only 2 items exist	Amount
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Reimburse Reallocation Cost	7,695.51
Reimburse Reallocation Cost	2,000.00

\* No information readily available for other categories not listed. See question 27 response.

Information in relation to other entities are published in their respective annual reports. I refer you to the annual reports of those entities.

## Questions from the Hon Mark Latham MLC

29. In his 4 years as Secretary why has Mr Pratt allowed Treasury to be turned into a political agency, especially with its emphasis on de-gendered language, sexuality politics, Rainbow flags, Rainbow cakes, unconscious bias training, affirmative action, Indigenous employment, expensive Indigenous art works in the tea-room and 'acknowledgement of country' even on Zoom calls?

### RESPONSE

The premise of this question is incorrect.

30. What use have the political programs in (29) above been to the people of NSW during the health and economic crisis now facing the State?

### RESPONSE

Treasury staff have worked tirelessly during the pandemic on covid related measures. Treasury staff have been instrumental in developing the 2020 and 2021 business support measures and providing economic and fiscal advice to inform government decision making at Crisis Policy Committee.

31. As Deputy Secretary, Economic Strategy and Productivity, what have been Ms Wilkie's achievements in:
- economic strategy?
  - productivity?

### RESPONSE

Ms Wilkie's performance is a matter for the Secretary not Budget Estimates.

32. Due to Ms Wilkie's preoccupation with political programs rather than economic productivity, isn't this the reason why NSW Treasury has had to establish a separate Productivity Commissioner and White Paper process, to do the work Ms Wilkie has been distracted from with her political activism?

### RESPONSE

The premise of this question is incorrect.

33. Has Treasury staff ever been surveyed on whether they want to be a political agency rather than a conventional Treasury working on economics? If so, what did the survey results show?

### RESPONSE

The premise of this question is incorrect.

34. Why would any rational, properly qualified economist want to work in the NSW Treasury given the self-indulgent internal focus on the identity politics of senior management, rather than delivering economic efficiency and value-for-money for the people of NSW?

**RESPONSE**

The premise of this question is incorrect.

35. Why has Treasury narrowed the pool of people wanting to work for the agency by effectively excluding economic rationalists and libertarians as per (34) above? What evidence can Mr Pratt produce showing that the talent pool has not narrowed?

**RESPONSE**

The premise of this question is incorrect.

36. With Treasury's big emphasis on Reconciliation Strategies and activities, how many Treasury staff are unreconciled to Indigenous Australia? Who are they and what went wrong?

**RESPONSE**

The premise of this question is incorrect.

37. When did the NSW Treasury shift from an assessment of equity defined by socio-economic disadvantage to one based on identity politics and the personal characteristics of race, gender and sexuality? Why was this change made?

**RESPONSE**

The premise of this question is incorrect.

38. Why has Treasury failed to cut the appropriation for NSW Parliament House given the extraordinarily wasteful expenditure on bollards, the Speaker's courtyard, dining room renovations, frosted bar doors, ceiling replacements and identity-based employment positions?

**RESPONSE**

Treasury does not make decisions on the level of appropriation provided to Parliament.

39. How many government grant a) programs and b) allocations within those programs have been identified by Treasury as unjustified on economic and productivity grounds? What are the details?

**RESPONSE**

While Treasury is responsible for the development of the program evaluation guidelines, individual agencies are responsible for managing the evaluation of programs, including grant programs. As such, requests for details of specific

evaluations should be directed to the relevant agencies where available.

40. For each of the past three budgets which government grant a) programs and b) allocations within those programs provided money to privately-owned businesses for
- capital works?
  - building extensions?
  - vehicle safety measures?
  - subsidising the input material goods and services of the business?

**RESPONSE**

Although Treasury is involved in the assessment of new spending proposals put forward by agencies, other Clusters are responsible for the delivery of grant programs including the allocations within those programs. The information requested in this question is best directed to the Clusters with policy responsibility.

41. What is the Benefit Cost Ratio for each of the 145 new material Budget expenditures listed in Budget Paper No.1?

**RESPONSE**

The benefit cost ratio of proposals are produced for the purposes of informing ERC discussions and are therefore Cabinet-in-Confidence.

42. What is the expected productivity impact of the Treasurer's spending program encouraging people to have lunch in the Sydney CBD on Fridays?

**RESPONSE**

The program is paused due to the current public health restrictions in place. Any advice provided to the Crisis Policy Committee of Cabinet is Cabinet-in-Confidence.

43. Which cluster portfolios brought forward spending reduction proposals to the ERC process for the 2021-22 Budget?

**RESPONSE**

Clusters routinely bring forward proposals to offset the impact of other proposals sought, as part of the budget process each year. Details on specific items brought forward by each cluster to ERC for consideration are Cabinet-in-Confidence.

44. What was the budgetary outcome for the proposals in (43) above?

**RESPONSE**

Details on specific items brought forward by each cluster to ERC for consideration are Cabinet-in-Confidence. Any material new policy proposal that was agreed as part of the budget process is listed in the Measures Statement.

45. I refer Mr Pratt to the advice Treasury gave the Treasurer in answer to my Supplementary Question at the March 2021 estimates on the failure of the 10 Treasury Indigenous staff to travel to disadvantaged Indigenous communities in Western NSW, and ask:

- a. Have they travelled there since March? Why not?
- b. How can Covid be a reason for not travelling when for large parts of the past 18 months NSW has not had Covid-related travel restrictions?
- c. What is the real reason for these staff not visiting disadvantaged Aboriginal communities in Western NSW?
- d. Looking at the current situation in Western NSW communities like Dubbo and Walgett, does Mr Pratt now regret this failure of staff to visit, given how the staff could have provided Covid Safe advice and vital assistance with vaccinations?
- e. Going forward, how can Treasury have specially appointed Indigenous staff who never visit Indigenous communities in need? What is Mr Pratt doing to correct this oversight?

**RESPONSE**

Treasury has no specially appointed Indigenous staff. Treasury has no roles which involve providing frontline support to communities regarding COVID-19 or vaccinations. This is the responsibility of NSW Health and other agencies. Treasury does prepare advice in consultation with our frontline colleagues in other agencies.

Treasury has suspended all travel for staff due to COVID-19 in line with whole of Government policy.

- 46.** Why has the Government failed to proceed with its stamp duty reforms? Is this because of:
- a. the loss of fiscal discipline in the Budget meaning that the reforms are unaffordable?
  - b. the government couldn't forego the 22% increase in transfer duty forecast in the 2021/22 Budget?

**RESPONSE**

The Government is consulting broadly on a proposal to replace stamp duty with a annual property tax. An initial Consultation paper was released in November 2020 and a progress paper was released in June 2021, with comment sought by the end of July 2021. The feedback from this process is being considered, and work is continuing toward a final model for the Government to consider.

- 47.** Has Treasury studied the various Benefit-Cost Ratios for options to construct rail links to and from the new Second Sydney Airport at Badgerys Creek prior to the allocation of funding? What do the BCRs show?

**RESPONSE**

Due to Cabinet in Confidence provisions, Treasury cannot provide the advice that was prepared to inform Cabinet deliberations regarding the Greater West or Airport Metro.

- 48.** Why has Ms Wilkie been in charge of the work on the Electric Vehicle funding plan? What does the Treasury modelling show about the productivity impact of this reform?

**RESPONSE**

A key aspect of the Government's electric vehicle reform package is the abolition of motor vehicle duty from electric vehicles and the introduction of a road user charge.

This work was led by the Tax Reform Taskforce within Treasury, which operates within Ms Wilkie's Economic Strategy and Productivity Group.

49. In the forward estimates, how much will be spent on EV charging stations? What does Treasury estimate will be the take up rate for using these stations, measured by the number of EVs using them on a daily basis in different regions of NSW?

**RESPONSE**

Page 21 of the Government's Electric Vehicle strategy states that the NSW Government will invest \$171 million over the next four years on charging infrastructure. The rollout of this program will be administered by the Department of Planning, Industry and Environment, and Transport for NSW and the question is best directed to these agencies.

50. What estimates has Treasury made of the impact in NSW of a) supply restrictions and b) increased prices from the EU carbon credits policy for EVs, by which European manufacturers keep their EV supply for sale in Europe to enjoy the credit financial benefits?

**RESPONSE**

This is Cabinet in Confidence.

51. Prior to the current Sydney Covid lockdown, how many Treasury staff were working
- from home?
  - back in their regular workplace?

**RESPONSE**

Prior to this current lockdown, Treasury staff were working flexibly in a 'hybrid' working environment, allocating their time between the office (as their work 'base') and their home, based on individual and business need and agreed through a plan with their manager.

52. What communications has Treasury has with a) Julie Bishop, b) David Cameron and c) Lex Greensill concerning the Greensill Capital invoice financial model? What are the details?

**RESPONSE**

None.

53. On page 4-6 of Budget Paper No. 1 can Treasury please explain the reason for the listing of each of the 10 items in Table 4.3 as "new revenue measures"?

**RESPONSE**

Table 4.3 of Budget Paper No. 1 lists new policy decisions with a revenue impact. Measures with a material impact (i.e. greater than \$20m over the forward estimates) are presented in the table showing the profile of each measure.

Treasury Circular 14/28 provides guidance on the distinction between parameter and technical adjustments (variations) and measures. In short, all decisions that are not Parameter and Technical Adjustments (PTAs) are considered as new policy measures.

While the following definitions relate primarily to expenditure, they also serve as a useful basis for classifying revenue measures.

	Definition
New Policy Measure	A Measure (New Policy) constitutes a decision by government that involves discretionary changes to existing policy, which may affect budget aggregates or agency funding. This is where the Government is not simply responding to an exogenous change in order to maintain current service delivery levels. All decisions that do not constitute a Parameter and Technical Adjustment can be considered as New Policy.
Variation	Parameter and Technical Adjustments (PTAs) are a material, non-discretionary change in the net cost or timing of expenditure on existing programs or capital projects under existing policy parameters.

By convention, Table 4.3 of Budget Paper No. 1 has included all measures with a revenue impact, regardless of whether the measure was primarily a revenue decision, or an expenditure or capital decision with an associated revenue impact.

Treasury reviews on an ongoing basis how expenses and revenues are reported and described in Budget papers, and will consider whether any change in reporting convention of revenue measures may or may not be appropriate.

54. On page A5-5 of Budget Paper No.1 what are the nature of the new Treasury Cluster “social impact investments with a focus on women facing disadvantage and Indigenous youth”? How much is being spent on this measure, how and why?

**RESPONSE**

The Government has established a \$30 million NSW Social Impact Outcomes Fund (SIOF) to pilot a range of social impact investments through competitive tenders. The SIOF will see the Government partnering with multiple social impact providers (including social enterprises) to deliver high impact programs, initially focusing on women facing disadvantage and Indigenous youth.

55. What social impact investments is Treasury making for desperately poor people who are male and non-Indigenous?

**RESPONSE**

Over the past 8 years, the Government has developed nine non-gender specific social impact investments. To date, these investments have directly supported over 6,000 people through programs aimed at increasing permanency for children in out-of-home care, reducing recidivism, improving community palliative and mental health care, and reducing youth unemployment and homelessness.

56. Did Treasury object to the recent 2-week closure of the NSW construction industry and what was the nature of that objection? How much economic damage did the closure cause?

**RESPONSE**

The Crisis Policy Committee of Cabinet has provided overarching strategic policy leadership during the COVID-19 pandemic response. The Committee operates in accordance with Cabinet conventions, including collective Ministerial responsibility and confidentiality. Any advice provided to the Crisis Policy Committee of Cabinet is Cabinet-in-Confidence.

57. With regard to the report SCO932-2020, the review of State-Owned Corporations,
- why did Treasury undertake this review?
  - which division of Treasury was involved in the conduct of the review?
  - what action has Treasury taken in response to the findings of the review?

#### **RESPONSE**

This was commissioned by ERC and the review is Cabinet in Confidence.

### **Questions from Ms Abigail Boyd MLC**

#### **Budget – Georges River Koala Habitat**

58. What budget is set aside to manage and rehabilitate Crown Land that is prime Koala habitat along the Georges River that is currently being degraded by illegal 4 WD, trail bike and Mountain biking?

#### **RESPONSE**

The 2021-22 NSW Budget invested \$22.6 million (\$15.4 million recurrent expenses and \$30.0 million capital expenditure over two years) for the Cumberland Plain Conservation Plan to acquire the first stage of the Georges River Koala Reserve. The Reserve will protect up to 1,885 hectares of koala habitat, with 100,000 new trees planted in the first three years of the Plan to enhance the connectivity of fragmented koala habitat both within and outside the reserve. This infrastructure is managed by the Planning, Industry and Environment Cluster.

#### **Budget – Funding for Domestic Violence Sector**

59. Is the NSW Government committed to a 50% increase in funding to the specialist domestic and family violence sector to ensure all victim-survivors, vulnerable children and their families receive immediate, effective, high quality specialist support? If not, why not?

#### **RESPONSE**

As published in the 2021-22 NSW Budget Papers (the Budget), the NSW Government has committed \$204.9 million in funding to the specialist domestic and family violence sector in 2021-22. This commitment is additional to the significant investment the NSW Government has made to address domestic and family violence through mainstream services in child protection, education, health, housing and police.

New funding provided within the Budget focussed on victim-survivors' support and



safety. Detail of specific programs should be directed to DCJ

- 60.** Is the NSW Government committed to prioritising the funding of domestic and family violence prevention and early intervention programs, services and education campaigns to stop the violence before it begins, and to change the culture of gendered violence in NSW? If not, why not?

**RESPONSE**

The NSW Government is committed to reforming the domestic and family violence service system in line with the key actions recommended within the *NSW Domestic and Family Violence Blueprint for Reform 2016-2021: Safer Lives for Women, Men and Children* ('the Blueprint'). The Blueprint identifies prevention and early intervention as key priority areas.

The NSW Government has worked to achieve change in these priority areas, by devising and publishing the *NSW Domestic and Family Violence Prevention and Early Intervention Strategy 2017-2021*, creating the Domestic and Family Violence Innovation Fund, expanding Tackling Violence and rolling out targeted ethical bystander initiatives.

**Budget - Funding for Social and Affordable Housing**

- 61.** Is the NSW Government committed to investing in the construction of new social and affordable housing, at the equivalent of 5,000 social housing properties every year for the next 10 years, and increasing funding for the Specialist Homelessness Services Program by 20% in 2022? If not, why not?

**RESPONSE**

The NSW Government is committed to investing in the construction of new social and affordable housing across New South Wales.

The 2020-21 NSW Budget (the Budget) included an additional \$812 million over four years to deliver new social housing and undertake maintenance and upgrades of existing social housing stock. This package is expected to deliver over 800 new social houses and upgrades to around 16,500 existing properties across the Land and Housing Corporation, Aboriginal Housing Office and community housing portfolios across 2020-21 and 2021-22. This funding also accelerates the Airds-Bradbury and Claymore housing estate redevelopments, contributing to the delivery of over 500 new social housing dwellings and 1,000 new land lots for sale to build private homes.

The Government's \$1.1 billion Social and Affordable Housing Fund (SAHF) is also providing an innovative approach to deliver social and affordable housing, including the recently completed St George Community Housing 160-unit complete at Redfern. To date, the SAHF has enabled the delivery of over 2,000 new social and affordable dwellings across New South Wales, part of a commitment to deliver over 3,400 dwellings.

The Budget included an additional \$57 million over two years to expand the Together Home program. This program provides further support through additional leasing and

wrap around services for 250 households for two years and support for another 100 dwellings in the community housing provider sector.

### **Budget Transparency**

62. To ensure transparency and accountability, will the NSW Treasury commit to clearly stated Budget line items in the 2022 Budget Papers to ensure spending on domestic and family violence prevention and response in New South Wales is transparent and can be tracked?

#### **RESPONSE**

Budget Paper 2 *Outcomes Statement* details the NSW Government's continued investment in reducing family, domestic and sexual violence.

Page 7-7 of Budget Paper 2 illustrates that in the Budget, the Government has committed to spend \$204.9 million on preventing family, domestic and sexual violence, reducing reoffending and supporting victim safety through the continuation of evidence-based early intervention, victim support and perpetrator interventions.

The Budget is a forward-looking document. Agency annual reports contain data on historical financial expenditure and performance. The NSW Government also provides a NSW Domestic and Family Violence Blueprint for Reform: Annual Report Card, which is accessible via the Women NSW website.

### **Bank Fees**

63. What was the gross amount of bank fees charged to the NSW Government and related entities in FY2020-21?

#### **RESPONSE**

The total gross amount of transaction fees for banking products provided to the State under the State Banking agreements with Westpac, ANZ and Citi for FY 20/21 was \$44.3 million.

### **Stamp Duty**

64. Does the NSW Government have the legislative power to waive stamp duty on electric vehicles and plug-in vehicles, as proposed in the Budget, without passing new legislation? If so, has that power, or will that power, be exercised prior to any new legislation coming into effect?

#### **RESPONSE**

The Government cannot waive stamp duty on vehicles under current legislation.

Due to delays to Parliamentary passage of the Electric Vehicles (Revenue Arrangements) Bill 2021, the Government has indicated that it will seek amendments to the Bill to allow for duty exemptions for eligible vehicles with effect from 1 September 2021.

The availability of any of the incentives in the Electric Vehicle Strategy is contingent on all aspects of the Bill passing through Parliament when it resumes.

65. When will the NSW Government release a revised proposal for implementing a property tax in place of stamp duty on transfers of real estate?

**RESPONSE**

The Government is consulting broadly on a proposal to replace stamp duty with a small annual property tax. An initial Consultation paper was released in November 2020, and a progress paper was released in June 2021, with comment sought by the end of July 2021. The feedback from this process is being considered, and work is continuing toward a final model for the Government to consider.

**Transport Asset Holding Entity**

66. How is the Transport Asset Holding Entity (TAHE) treated under the ratings methodology of Standard & Poor's? How is it treated under Moody's methodology?

**RESPONSE**

These are captured under General Government Sector borrowings as TAHE receives equity injections from the Crown for capital funding.

67. Would having TAHE as an on-balance sheet entity for accounting purposes impact on the State's credit ratings with Moody's and/or Standard & Poor's?

**RESPONSE**

TAHE is on the Total State Sector Accounts balance sheet. TAHE has the same impact on the balance sheet as RailCorp, which has existed since 2004.

68. Under current accounting standards, is there a risk that TAHE's independence for accounting purposes (i.e. to qualify the entity as off balance sheet) will be impacted by the nature of agreements TAHE enters into with the NSW Government and its related entities? How does Treasury ensure that TAHE's arrangements do not compromise its independence for accounting purposes?

**RESPONSE**

TAHE is controlled by the State for accounting purposes and consolidated in the Total State Sector Accounts (TSSA). It is therefore on the State's balance sheet. TAHE is classified as a Public Non-Financial Corporation (PNFC) and is therefore not consolidated into the General Government Sector section of the TSSA. As a State-Owned Corporation, TAHE must comply with the provisions of the SOC Act.