

Budget Estimates

Portfolio Committee No 1 – Premier and Finance

TREASURY

Tuesday, 31 October 2023

PRESENT

The Hon. Daniel Mookhey, Treasurer

**Answers due by: Monday 27
November 2023**

QUESTIONS ON NOTICE

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QoN #	Transcript page #	Question
1	4-5	<p>The Hon. DAMIEN TUDEHOPE: Thank you. Treasurer, was it you who identified the \$150 million which was going to be cut from palliative care funding?</p> <p>The Hon. DANIEL MOOKHEY: In respect to palliative care funding, the facts are these. Next year the budget for palliative care funding is going up to the tune of 6.8 per cent. The following year it's going up a further 8 per cent. Over the course of the next two years, the amount of funding that we're providing to palliative care will have risen by, effectively, 15 per cent or 7.5 per cent on average per year. I think it's an important investment that we're making but, importantly, it's actually money that will be used. And I can say that, in order to facilitate this increase in palliative care funding, no nurse has had to lose their job. What we've managed to do is increase palliative care funding and at the same time we've managed to save over 1,012 nurses. That's important, because I don't think that the two should be pitted against each other.</p> <p>The Hon. DAMIEN TUDEHOPE: Correct.</p> <p>The Hon. DANIEL MOOKHEY: I think, in order for the investment to be realised in palliative care, we actually have to make sure that we have the staff to provide those services.</p> <p>The Hon. DAMIEN TUDEHOPE: Is the funding in the budget a \$150 million cut from the \$743 million which was promised in the last Coalition budget?</p> <p>The Hon. DANIEL MOOKHEY: Mr Tudehope, I saw the questioning that you subjected the Premier to on this subject. As the Premier made clear, what we were advised was that the money that was provided in previous budgets wasn't in a position to be spent to that tune over that time period —</p> <p>The Hon. DAMIEN TUDEHOPE: Who advised you that?</p> <p>The Hon. DANIEL MOOKHEY: I'm just finishing — because of the workplace shortages. As you would know, workplace shortages have developed quite chronically in the health department, and they need to be acted upon. Equally, what we are doing is we're providing the investment in palliative care funding at the same time we're tackling that same problem with the workplace strategy. Because, otherwise, the risk is that money would simply sit in a bank account, helping nobody, and the only way to mobilise it is to ensure that there is</p>

		<p>actually staff to provide the services, and that's what we've been doing.</p> <p>The Hon. DAMIEN TUDEHOPE: Treasurer, just be clear, who identified the \$150 million as a saving that you wanted to make in this budget and who decided that palliative care was the target —</p> <p>The Hon. DANIEL MOOKHEY: Again, I just make the point —</p> <p>The Hon. DAMIEN TUDEHOPE: No, who identified it?</p> <p>The Hon. DANIEL MOOKHEY: I'll come back to you on notice, if you would like some more specific detail.</p> <p>The Hon. DAMIEN TUDEHOPE: Thank you.</p> <p>The Hon. DANIEL MOOKHEY: But I will just make this point again: Palliative care funding is going up. I don't think it helps anybody to suggest otherwise. It's going up by 6.8 per cent next year. It's going up by 8 per cent by —</p> <p>The Hon. DAMIEN TUDEHOPE: But it could have gone up by more, couldn't it?</p> <p>The CHAIR: Order!</p> <p>The Hon. DANIEL MOOKHEY: Well, no, for the very simple reason that the difference is that the previous Government may have put money aside in a bank account, but they had no plan to get it out the door. The difference between our approach and your approach is that we actually aren't taking credit for stashing cash away. We prefer to see that cash used, and the only way for that to be used is to make sure that there are actually staff in these centres to be able to do it.</p> <p>The Hon. DAMIEN TUDEHOPE: But someone advised you that you couldn't get that money out the door. Is that the case?</p> <p>The Hon. DANIEL MOOKHEY: It's been clear that you could not get the money —</p> <p>The Hon. DAMIEN TUDEHOPE: Okay. But someone did it?</p> <p>The Hon. DANIEL MOOKHEY: Yes. As I said to you before, we will come back to you on notice to see what further detail we can provide.</p>
		<p>RESPONSE</p> <p>The Government is increasing funding for palliative care in 2023-24 and the following years.</p>
<p>2</p>	<p>8</p>	<p>The CHAIR: Treasurer, you've just said then that the outcomes statement in terms of the budget papers was a waste of time. Are the intergenerational reports that Treasury prepares a waste of time?</p>

		<p>The Hon. DANIEL MOOKHEY: No.</p> <p>The CHAIR: Why do they provide value to the people of New South Wales? How much do they cost to prepare?</p> <p>The Hon. DANIEL MOOKHEY: In respect to the cost of preparation, I'll see whether or not we could get some further details from there.</p> <p>MICHAEL COUTTS-TROTTER: I'd need to take it on notice. It's produced largely within the Treasury, Mr Buckingham. So, we would have to ascribe a notional cost of people's time to it. But we could take that on notice.</p>
		<p>RESPONSE</p> <p>The next Intergenerational Report is due by June 2026, as required by the <i>Fiscal Responsibility Act 2012</i> s8(e).</p> <p>This work will be undertaken within Treasury's budget, with work beginning next year, and scaling up over 2025.</p>
3	8	<p>The CHAIR: I accept that. When is the 2022-23 intergenerational report due to be —</p> <p>The Hon. DANIEL MOOKHEY: The 2022-23 intergenerational report?</p> <p>MICHAEL COUTTS-TROTTER: It's on a five-year cycle, from memory, Mr Buckingham. I think the last one was 2021. So we'd be due to produce one in 2026.</p> <p>The CHAIR: So you're working on it now.</p> <p>MICHAEL COUTTS-TROTTER: I'm not aware. I would assume people are planning for it, but I again would have to confirm that on notice.</p>
		<p>RESPONSE</p> <p>The next Intergenerational Report is due by June 2026, as required by the <i>Fiscal Responsibility Act 2012</i> s8(e).</p> <p>This work will be undertaken within Treasury's budget, with work beginning next year, and scaling up over 2025.</p>
4	9-10	<p>The CHAIR: How much money is the Government contributing to coalmining exploration and expediting new coalmining approvals?</p> <p>The Hon. DANIEL MOOKHEY: How much money are we contributing to coal exploration?</p> <p>The CHAIR: Yes.</p> <p>The Hon. DANIEL MOOKHEY: I don't believe the Government does coal exploration directly, so I therefore don't believe we</p>

		<p>fund it, but let me double-check the detail on that. Your second question was are we providing additional resources to —</p> <p>The CHAIR: Yes.</p> <p>The Hon. DANIEL MOOKHEY: Again, I'll come back to you on the detail to see whether or not any additional resources have been provided specifically for the purposes of coal.</p>
		<p>RESPONSE</p> <p>This question is more appropriately directed to the Minister for Natural Resources.</p>
5	14-15	<p>The Hon. DAMIEN TUDEHOPE: No, that's right. On page 3-3 of Budget Paper No. 01, it divides the \$13 billion from the comprehensive expenditure review into two parts. Firstly, over the five years to 2026-27 is \$6.4 billion in budget improvement measures, including non-tax revenue measures. You're aware of that, are you not?</p> <p>The Hon. DANIEL MOOKHEY: Mr Tudehope, I can't hear you. You tend to impede your speech.</p> <p>The Hon. CHRIS RATH: Treasurer, you're a bit difficult to hear as well. If you move the microphone forward —</p> <p>The Hon. DANIEL MOOKHEY: Well, why don't we both bring our microphones forward and then we can all hear each other.</p> <p>The Hon. DAMIEN TUDEHOPE: Do you agree with me that there is \$6.4 billion, which is attributed to budget improvement measures, including non-tax revenue measures?</p> <p>The Hon. DANIEL MOOKHEY: Yes.</p> <p>The Hon. DAMIEN TUDEHOPE: So how much of the \$6.4 billion is made up of non-tax revenue measures, and what are they?</p> <p>The Hon. DANIEL MOOKHEY: I am happy to take you through the key ones.</p> <p>The Hon. DAMIEN TUDEHOPE: Are they in the budget papers, by the way?</p> <p>The Hon. DANIEL MOOKHEY: Let me just take you through them.</p> <p>The Hon. DAMIEN TUDEHOPE: Can you refer me to the budget papers where it says that?</p> <p>The Hon. DANIEL MOOKHEY: I can refer you to the answer I'm about to provide you.</p> <p>The Hon. DAMIEN TUDEHOPE: So they're not in the budget papers?</p>

		<p>The Hon. DANIEL MOOKHEY: Well, again, just — you need to read the budget papers carefully. I'm sure —</p> <p>The Hon. DAMIEN TUDEHOPE: They're not in the budget papers.</p> <p>The Hon. DANIEL MOOKHEY: Let me just answer your question.</p> <p>The Hon. STEPHEN LAWRENCE: Point of order: That is the fourth time that that answer has been interrupted with an interjection.</p> <p>The Hon. DAMIEN TUDEHOPE: Well, he could acknowledge that they're not in the budget papers.</p> <p>The CHAIR: Order! If we could avoid interjections that would be helpful to the conduct of the inquiry, and also to Hansard, who find it very difficult to do their job when there's constant interjections, I'm told.</p> <p>The Hon. DANIEL MOOKHEY: The principal measure that we're talking about here, amongst a few, is the difficult decision — or to be frank, the easy decision — we made to cut politicians' pay and senior executive size and pay.</p> <p>The Hon. DAMIEN TUDEHOPE: How much do you expect to gain from that?</p> <p>The Hon. DANIEL MOOKHEY: The expectation from that is \$745 million. That is an election policy that we made. It's worked out to be a little higher than was predicted by the Parliamentary Budget Office, mainly for the reasons that the SES was about 400 people larger than it was known to the PBO at the time. I point out again, with respect to my SES colleagues, that the typical SES executive is paid \$272,000 per year, which works out to be roughly four times what a paramedic earns at first year. That's the first significant saving. The second saving I want to take you to is the decision to reduce spending on labour hire. You would be aware, Mr Tudehope, that labour hire was growing at 19 per cent per annum prior to our election, some of which was COVID. We respect that and it played a very important role, but COVID is over and so, as a result, there is an opportunity now for us to rein that in. Simultaneously —</p> <p>The Hon. CHRIS RATH: Treasurer, what specifically —</p> <p>The Hon. DANIEL MOOKHEY: I'm still answering the question. Simultaneously we are reducing consultant spending too. We did make a commitment that we took to the election that we wanted to reduce duplication in the public service. We've started that work. There is more to do but we did make the decision to merge the Greater Cities Commission and the</p>
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		<p>Western Parkland City Authority back into the planning department because, rather than having a plethora of planners and a passel of planning agencies, we prefer to have them in the department. We did make some difficult decisions around infrastructure projects, not to proceed with those projects, specifically, that were not found to have merit in a cost-benefit sense – in fact, projects in which the costs massively outweighed the benefit. As you would be aware, that includes decisions around whether or not to raise the Warragamba Dam wall, the Dungowan Dam and Wyangala. We also made clear, and took to the election, a policy of not proceeding with the Great Western Highway widening and tunnel, and reallocating that money towards helping with local congestion. So rather than putting aside money for a project that is unlikely to ever get off the ground – or get through the ground, really – we would prefer to spend that busting local congestion for people so they actually get some meaningful differences in their local communities. In addition to that, we have made decisions to –</p> <p>The Hon. DAMIEN TUDEHOPE: Can you give us dollar figures for each one of these measures, please?</p> <p>The Hon. DANIEL MOOKHEY: We will come back to you on notice and see what additional detail we can provide you.</p> <p>The Hon. DAMIEN TUDEHOPE: On notice, will you give us dollar figures in respect of each of those?</p> <p>The Hon. DANIEL MOOKHEY: We will consider what additional information we can provide.</p>
		<p>RESPONSE</p> <p>The budget improvement and reprioritisation measures are presented in the 2023-24 Budget Statement (Appendix A5). This presentation is in-line with previous budget papers.</p>
6	16	<p>The Hon. DAMIEN TUDEHOPE: On notice, Treasurer, can you give us dollar figures for each one of these?</p> <p>The Hon. DANIEL MOOKHEY: I will come back to you on notice for that.</p>
		<p>RESPONSE</p> <p>The budget improvement and reprioritisation measures are presented in the 2023-24 Budget Statement (Appendix A5). This presentation is in-line with previous budget papers.</p>
7	17-18	<p>The Hon. CHRIS RATH: Treasurer, I think it would definitely help if you could provide a category dollar-figure breakdown of each of the categories in that \$13 billion. Can you commit to coming back to us with that?</p>

		<p>The Hon. DANIEL MOOKHEY: I can certainly commit to seeing what further information we can provide you. The Hon. DAMIEN TUDEHOPE: Surely you know that, Treasurer. That information is available to you.</p> <p>The Hon. STEPHEN LAWRENCE: Point of order —</p> <p>The Hon. DANIEL MOOKHEY: Again, I just committed to see what additional information we can provide to you.</p>
		<p>RESPONSE</p> <p>The budget improvement and reprioritisation measures are presented in the 2023-24 Budget Statement (Appendix A5). This presentation is in-line with previous budget papers.</p>
8	22	<p>Ms ABIGAIL BOYD: I understand that there have been a number of exemptions given to State-owned corporations in relation to climate reporting, again, under the previous Treasurer. For example, TAHE, which has ownership of all our rail assets and a significant chunk of the infrastructure we would expect to be exposed to climate risk, had not done this task. Has that now been fixed?</p> <p>The Hon. DANIEL MOOKHEY: When it comes to exemptions that TAHE had access to, I'm not across that particular one. I'll endeavour to come back to you on notice as to whether or not they were formally exempted. But the broader questions around when the State-owned corporations were given exemptions — I certainly haven't granted any.</p> <p>MICHAEL COUTTS-TROTTER: I'll confirm this for this afternoon's discussion, Ms Boyd, but at the moment it is an environment of voluntary disclosure, not just in New South Wales but elsewhere. The Auditor-General's concern was that if the Audit Office is to audit and assure the veracity, accuracy and appropriateness of disclosures, they want to do that within an accounting framework. They would prefer us to wait on an accounting framework before dashing off on a series of disclosures. Some agencies — Landcom and others — choose to disclose, and that's a good thing. But many agencies are waiting on a framework within which they can undertake disclosure.</p>
		<p>RESPONSE</p> <p>The obligation to prepare mandatory climate related disclosures will begin from the 2024-25 financial year. The details of the reporting rules and which agencies will be required to report under these rules is being developed, and will be the subject of consultation with the government sector, including the Auditor-General.</p>

9	32	<p>The CHAIR: On the other side of the ledger, prohibition on cannabis in this State costs the taxpayer a lot of money, does it not?</p> <p>The Hon. DANIEL MOOKHEY: Can you be more specific?</p> <p>The CHAIR: Estimates are that it costs the Government up to half a billion dollars a year to enforce — through policing, then the criminal justice system and through corrections — cannabis laws in this State. Do you think that is good value for money?</p> <p>The Hon. DANIEL MOOKHEY: I haven't seen that specific measure, but I'm happy to look at it if you've got that data point. In general, I would prefer to spend less on crime, because I would like there to be less crime.</p> <p>The CHAIR: Would you take that on notice and get back to us with the cost —</p> <p>The Hon. DANIEL MOOKHEY: Yes, I'm happy to.</p> <p>The CHAIR: — of cannabis prohibition and law —</p> <p>The Hon. DANIEL MOOKHEY: To the extent to which we can find that, I will. I will take it on notice.</p>
		<p>RESPONSE</p> <p>This question is more appropriately directed to the Minister for Family and Communities.</p>
10	32	<p>Ms SUE HIGGINSON: Has Treasury undertaken any modelling of the jobs for the native forest logging sector and the associated hardwood industry?</p> <p>The Hon. DANIEL MOOKHEY: Secretary?</p> <p>MICHAEL COUTTS-TROTTER: I would need to take that on notice, Ms Higginson.</p>
		<p>RESPONSE</p> <p>Treasury undertakes regular analysis to support Cabinet.</p>
11	34	<p>Ms SUE HIGGINSON: Well, yes, but that doesn't actually expand the productivity of the softwood sector. Why is there currently nothing in the budget for any form of land acquisition program to support the expansion of the plantation sector? You need land to grow trees.</p> <p>The Hon. DANIEL MOOKHEY: Well, firstly, the budget is the general government sector. You are referring to the State-owned corporation sector, which is different.</p>

		<p>Ms SUE HIGGINSON: When I questioned Forestry last week, they said there is nothing in the pipeline to expand the plantation estate – nothing.</p> <p>The Hon. DANIEL MOOKHEY: Again, I'm happy to come back to you on detail about what the business plans are but it doesn't follow that a budget investment is required in order for them to expand it because, to be fair, they are commercial businesses.</p>
		<p>RESPONSE</p> <p>Forestry Corp has plans to expand the Softwood estate.</p>
12	44-45	<p>Ms CATE FAEHRMANN: In the budget papers it states it is \$346.8 million lower than forecast in the pre-election budget update. I just have a question around the activity, because it states: This reflects lower gaming machine activity in both clubs and hotels, a more subdued outlook for Sydney's casinos and lower casino tax rates. I think I understand the lower casino tax rate and the more subdued outlook for Sydney's casinos. What's the lower gaming machine activity in both clubs and hotels based on?</p> <p>The Hon. DANIEL MOOKHEY: Again, I can give you a general answer and I'm sure this afternoon the officials who are responsible for these forecasts can give you a more specific answer. In general, I think it's been alluded to by many commentators across the board that as consumer spending is falling across the economy it is obviously having an impact on the amount of people who are gambling through poker machines and other gambling venues as well. And, equally, that is advice which various operators, I believe, have provided to the market as well, which reflects a decline in consumption spending.</p> <p>MICHAEL COUTTS-TROTTER: That's it, but we can go into more detail if you want with the revenue forecast in terms –</p> <p>Ms CATE FAEHRMANN: Just to be clear, the amount that is being lost and poured into these machines is not actually going backwards per se, it's just been revised to a slightly less ambitious estimate? The Hon. DANIEL MOOKHEY: I will have to take that on notice to see whether or not it's a reflection of a changing consumption pattern or a changing consumption pattern in the tax base.</p> <p>Ms CATE FAEHRMANN: Alright, so we'll get that on notice in terms of what the assumptions are behind that?</p> <p>The Hon. DANIEL MOOKHEY: Yes.</p>
		<p>RESPONSE</p>

		<p>Clubs and hotels gaming machine revenue follows a long-term upward trend. In the 4 years to 2026-27, clubs gaming machine revenue is forecast to grow on average by 1.6 per cent per annum, and hotels gaming machine revenue is forecast to grow by 6.6 per cent per annum.</p> <p>At 2023-24 Budget, club and hotel gaming machine revenues were revised down by \$896.6 million over the four years to 2026-27. This was driven by lower-than-expected growth in actual player loss (as measured by player expenditure less winnings) as well as weaker household disposable income.</p>
<p>13</p>	<p>46</p>	<p>Ms ABIGAIL BOYD: The Treasurer's direction that we raised last year, that allowed gifts of property under \$10,000 — I understand that's still in effect.</p> <p>The Hon. DANIEL MOOKHEY: It is, I believe.</p> <p>Ms ABIGAIL BOYD: Why is that?</p> <p>The Hon. DANIEL MOOKHEY: A good example is that, every now and then, we need to make some gifts of less than \$10,000, particularly to community organisations. A good example is one that I'm not sure that we are yet to determine, but it's a good example of why you need to have such policies. There are some certain property, for example, in Walgett that could otherwise be repurposed for a swimming pool. So I want to make sure that we've got the opportunity to have that as a flexibility, because —</p> <p>Ms ABIGAIL BOYD: Yes, but \$10,000?</p> <p>The Hon. DANIEL MOOKHEY: As in below \$10,000 doesn't need to be disclosed?</p> <p>Ms ABIGAIL BOYD: The previous one was \$10,000. Is that still the case?</p> <p>The Hon. DANIEL MOOKHEY: Let me double-check whether that is still the case.</p> <p>MICHAEL COUTTS-TROTTER: I would have to double-check, myself. I don't know.</p> <p>The Hon. DANIEL MOOKHEY: We'll double-check that. But I think —</p> <p>The CHAIR: You'll be taking that on notice.</p> <p>The Hon. DANIEL MOOKHEY: I'll take it on notice.</p>
		<p>RESPONSE</p> <p>The gifting rules are specified in Treasurer's Direction 21-04 - approved by then-Treasurer Kean in September 2022 - and have a \$10,000 threshold.</p>

14	47	<p>The Hon. DAMIEN TUDEHOPE: Treasurer, you have the final report of the Sydney Metro review on your desk, do you not?</p> <p>The Hon. DANIEL MOOKHEY: On my desk? No.</p> <p>The Hon. DAMIEN TUDEHOPE: Is it available? Has it delivered the final report?</p> <p>The Hon. DANIEL MOOKHEY: Yes. The Government's made clear that we're receiving that report in October, and we are processing it.</p> <p>The Hon. DAMIEN TUDEHOPE: When will you release the report or the findings of that report?</p> <p>The Hon. DANIEL MOOKHEY: In due course.</p> <p>The Hon. CHRIS RATH: It's 31 October.</p> <p>The Hon. DANIEL MOOKHEY: Happy Halloween. In due course. The Government's working through the report. I'll just say, in respect to this particular project and this particular report, given the magnitude of money we are borrowing from our kids and our grandkids to build it —</p> <p>The Hon. DAMIEN TUDEHOPE: It's lucky we've got an NGF.</p> <p>The Hon. DANIEL MOOKHEY: — given, equally, the fact that the Government has had to stage a rescue of the south-west metro to the cost of more than \$1 billion, we absolutely are doing our due diligence on these projects to ensure that every dollar we're borrowing from our kids and our grandkids is being appropriately spent and yielding a strong outcome, especially when it comes to housing.</p> <p>The Hon. DAMIEN TUDEHOPE: How much did you spend on getting the review done?</p> <p>The Hon. DANIEL MOOKHEY: I think I can come back to you with details on the costs of that.</p>
		<p>RESPONSE</p> <p>This question is more appropriately directed to the Minister for Transport.</p>
15	50	<p>The Hon. DAMIEN TUDEHOPE: Then we turn to the \$6.6 billion, which is in relation to the reprioritisation of unallocated funds from each of a number of grant programs. Starting firstly with Restart NSW, how much was left in that fund which has now been —</p> <p>MICHAEL COUTTS-TROTTER: I will take that on notice, but my best recollection is there was a reprioritisation of around \$2 billion in restart.</p>

		<p>RESPONSE</p> <p>Details of the Restart NSW fund are contained in the 2023-24 Budget papers.</p>
16	50	<p>The Hon. DAMIEN TUDEHOPE: And the regional growth funds?</p> <p>MICHAEL COUTTS-TROTTER: I'd have to take that on notice, I'm sorry. I don't have that.</p>
		<p>RESPONSE</p> <p>The 2023-24 Budget includes an increase in spending on the Department of Regional NSW from 2022-23.</p>
17	50	<p>The Hon. DAMIEN TUDEHOPE: The next one was WestInvest, which I thought was more than \$3 billion, or something, that the Treasurer identified.</p> <p>MICHAEL COUTTS-TROTTER: No. You probably recall there was \$5 billion all up – \$2 billion of it were community competitive grants and \$3 billion was so-called Government-led proposals. Within that, I think around \$2 billion was reprioritised.</p> <p>The Hon. DAMIEN TUDEHOPE: In respect of the reprioritisation, had that \$2 billion, or any component of the \$3 billion, already been allocated by the previous Government and which that allocation had been cancelled in favour of the reprioritisation which the Treasurer –</p> <p>MICHAEL COUTTS-TROTTER: It may have been earmarked for various projects. I think the Treasurer, in his evidence this morning, said explicitly what he would do from a position is take projects that were earmarked in that component of WestInvest and reprioritise some of those to the incoming government's priorities.</p> <p>The Hon. DAMIEN TUDEHOPE: Are you able to identify where that reprioritisation actually –</p> <p>MICHAEL COUTTS-TROTTER: I'd have to take that on notice, I'm afraid.</p> <p>The Hon. DAMIEN TUDEHOPE: To identify the project that was not proceeded with and to identify the one that was proceeded with.</p>
		<p>RESPONSE</p> <p>The Government is continuing to deliver all projects announced by the previous Government for funding from the \$2 billion Community Competitive Grants component of WestInvest.</p>

		The \$3 billion State Government stream of WestInvest has been allocated to crucial school and hospital projects as outlined ahead of the NSW election.
18	50-51	<p>The Hon. DAMIEN TUDEHOPE: The next one we have is the Future Economy Fund. Do you have any —</p> <p>MICHAEL COUTTS-TROTTER: No, I don't.</p> <p>The Hon. DAMIEN TUDEHOPE: — figure on that?</p> <p>MICHAEL COUTTS-TROTTER: I don't, I'm afraid.</p> <p>The Hon. DAMIEN TUDEHOPE: That's fine. But you'll take that on notice</p>
		<p>RESPONSE</p> <p>Specific questions on the fund should be directed to the Ministers in the Enterprise, Investment and Trade portfolio.</p>
19	51	<p>The Hon. DAMIEN TUDEHOPE: In fact, the next one was even more interesting because it states "other grant programs". Can you identify what those other grant programs were?</p> <p>MICHAEL COUTTS-TROTTER: I'm sorry, I would have to take that on notice as well.</p> <p>The Hon. DAMIEN TUDEHOPE: And you're able to give us a breakdown?</p> <p>MICHAEL COUTTS-TROTTER: I'm able to take it on notice and see how we can respond</p>
		<p>RESPONSE</p> <p>The budget improvement and reprioritisation measures are presented in the 2023-24 Budget Statement (Appendix A5). This presentation is in-line with previous budget papers.</p>
20	51	<p>The Hon. DAMIEN TUDEHOPE: Finally, in terms of the summary of the 6.4 and the 6.6, we started by saying that you cannot identify the spending measure or the dollar figure in respect of each component of the \$13 billion.</p> <p>MICHAEL COUTTS-TROTTER: I'm saying the budget papers published a series of measures that accumulate to that \$6.4 billion of savings.</p> <p>The Hon. DAMIEN TUDEHOPE: For the purposes of this exercise, you're able to provide me with a list of —</p> <p>MICHAEL COUTTS-TROTTER: I will take the question on notice and respond.</p>

		<p>RESPONSE</p> <p>The budget improvement and reprioritisation measures are presented in the 2023-24 Budget Statement (Appendix A5). This presentation is in-line with previous budget papers.</p>
21	52	<p>The Hon. DAMIEN TUDEHOPE: I'm sure you would. Is it possible to provide a list of the funding for each of the measures statements contained for each agency?</p> <p>MICHAEL COUTTS-TROTTER: I will take it on notice. Of course, I did listen closely to the Treasurer's testimony this morning about the choice that he and the Government made on continuing a pattern of how the measures statements are presented in the budget papers. I'm very aware of that. I'll take the question on notice.</p> <p>The CHAIR: What have we just taken on notice? You've asked for a breakdown of —</p> <p>The Hon. DAMIEN TUDEHOPE: The costing of each of the —</p> <p>The CHAIR: Of every element of all the measures —</p> <p>The Hon. CHRIS RATH: Of the \$13 billion.</p> <p>The CHAIR: Of the \$13 billion.</p> <p>The Hon. DAMIEN TUDEHOPE: I've already asked that. I'm then also asking in relation to the measures statements contained in each —</p> <p>The CHAIR: For every department?</p> <p>The Hon. DAMIEN TUDEHOPE: Correct.</p> <p>The CHAIR: You're happy to take that on notice?</p> <p>MICHAEL COUTTS-TROTTER: I am taking it on notice. I don't propose, at this point, to provide a guarantee about the nature of the response. But we will take it on notice.</p>
		<p>RESPONSE</p> <p>The budget improvement and reprioritisation measures are presented in the 2023-24 Budget Statement (Appendix A5). This presentation is in-line with previous budget papers.</p>
22	53	<p>MICHAEL COUTTS-TROTTER: Firstly, these budget papers disclose, in a great deal of detail, where we're getting money from, what we're spending it on and what position that leaves the State's finances, and the figures are accurate. The figures have been reviewed most recently by the credit ratings agencies and they have given their stamp of approval to the budget and its direction of travel. What you are asking is really challenging the decision that the Treasurer made about the</p>

		<p>measures statement presentation. He gave evidence on that this morning.</p> <p>The Hon. DAMIEN TUDEHOPE: Can you take it on notice as to whether you can expand on the information which has been provided in respect of each of those particular measures?</p> <p>MICHAEL COUTTS-TROTTER: Yes.</p>
		<p>RESPONSE</p> <p>The budget improvement and reprioritisation measures are presented in the 2023-24 Budget Statement (Appendix A5). This presentation is in-line with previous budget papers.</p>
23	57	<p>The CHAIR: It may be a function of my poorly worded query to the Treasurer this morning, but it wasn't clear to me who is leading the work in government on the adoption of the transition to and the adoption of AI technologies. Who is leading that work? Who is doing that work in government? Is it Treasury?</p> <p>MICHAEL COUTTS-TROTTER: No. All of the colleagues that I talk to are thinking about the potential benefits and risks of artificial intelligence within the context of their own agencies. The lead agency from a whole-of-government perspective on the work is the Department of Customer Service.</p> <p>The CHAIR: That's Digital.NSW?</p> <p>MICHAEL COUTTS-TROTTER: Yes. They really have the responsibility for establishing some of the policy frameworks and the tools by which we assess the costs and benefits of technology-enabled change, and AI represents both stunning opportunities and also, of course, some very significant risks, particularly in information management and privacy. The CHAIR: What sort of budgetary allocation do they have to do that work?</p> <p>MICHAEL COUTTS-TROTTER: I'd need to take that on notice, Mr Buckingham.</p>
		<p>RESPONSE</p> <p>This question should be directed to the Minister for Customer Service and Digital Government.</p>
24	57	<p>The Hon. DAMIEN TUDEHOPE: I will ask you one final question on the measures statement, to confirm where we are at the moment. Treasury does have a dollar figure for each of the measures contained in the measures statement. My request to you on notice is to provide a dollar figure for each of the</p>

		<p>measures referred to in Appendix A for each of the agencies referred to in "A5 Measures Statement".</p> <p>MICHAEL COUTTS-TROTTER: Thank you for clarifying your request. We'll take it on notice.</p>
		<p>RESPONSE</p> <p>The budget improvement and reprioritisation measures are presented in the 2023-24 Budget Statement (Appendix A5). This presentation is in-line with previous budget papers.</p>
25	59	<p>The Hon. DAMIEN TUDEHOPE: One of the things that the Treasurer has indicated, and I think he indicated you are involved in this process, is the consolidation of various funds to be managed. Are you aware of the various funds which he has in mind for the purposes of consolidation into a single managed fund?</p> <p>DAVID DEVERALL: Yes, I am.</p> <p>The Hon. DAMIEN TUDEHOPE: Are you, on notice, able to provide me with a list of those funds which would be the subject of a consolidation?</p> <p>DAVID DEVERALL: Yes, I am</p>
		<p>RESPONSE</p> <p>The Government is considering which funds will participate in the proposal.</p>
26	60	<p>The Hon. DAMIEN TUDEHOPE: We heard about some of those this morning. Can you just elucidate in relation to that? In respect of the Education portfolio's actual spend on labour hire contractors for 2022-23, what was that?</p> <p>MICHAEL COUTTS-TROTTER: I don't have that figure to hand. I had a whole-of-government figure, but I don't have —</p> <p>The Hon. DAMIEN TUDEHOPE: Can you take that on notice?</p> <p>MICHAEL COUTTS-TROTTER: Yes, I can take that on notice and see what we can provide.</p>
		<p>RESPONSE</p> <p>This question should be directed to the Deputy Premier and Minister for Education.</p>
27	60	<p>The Hon. DAMIEN TUDEHOPE: And the allocated contribution of the Education portfolio to the whole-of-government reduction of 25 per cent in labour hire costs by 2025-26?</p>

		MICHAEL COUTTS-TROTTER: Yes, I will take that on notice and see what we can provide.
		RESPONSE This question should be directed to the Deputy Premier and Minister for Education.
28	61	MICHAEL COUTTS-TROTTER: I did have a quick look at the transcript from last week's estimates and I know the department took a number of similar questions on notice themselves. The Hon. DAMIEN TUDEHOPE: In terms of the \$38 million reduction per year on consultants, what is the education department's contribution to that, are you aware? MICHAEL COUTTS-TROTTER: I'm not, I'm afraid, Mr Tudehope. The Hon. DAMIEN TUDEHOPE: Would you be able to take that on notice? MICHAEL COUTTS-TROTTER: I can take it on notice.
		RESPONSE This question should be directed to the Deputy Premier and Minister for Education.
29	61	The Hon. DAMIEN TUDEHOPE: In the last minute available to me, can I just ask you in relation to WestInvest. As part of the caretaker period, how much of the \$5 billion was unallocated during that period by the previous Government? MICHAEL COUTTS-TROTTER: I'd take that on notice.
		RESPONSE Details of WestInvest under the former Government are contained in the Pre-Election Budget Update.
30	62	The Hon. DAMIEN TUDEHOPE: Government-led investments, some have been cancelled? MICHAEL COUTTS-TROTTER: Some of the previous Government's priorities for that component of WestInvest have been replaced with this Government's priorities. The Hon. DAMIEN TUDEHOPE: And were announced prior to caretaker? MICHAEL COUTTS-TROTTER: I'm sorry, I'm unaware of that. The Hon. DAMIEN TUDEHOPE: Can you take that on notice? MICHAEL COUTTS-TROTTER: Sure.

		<p>RESPONSE</p> <p>WestInvest allocations have been accounted for in the 2023-24 Budget.</p>
31	62	<p>The Hon. DAMIEN TUDEHOPE: And, potentially, a breakdown of the WestInvest investment strategy and the cancellation of funds – the cancellation of allocations which may have been made by the previous Government.</p> <p>MICHAEL COUTTS-TROTTER: Yes.</p>
		<p>RESPONSE</p> <p>The Government is continuing to deliver all projects announced by the previous government for funding from the \$2 billion Community Competitive Grants component of WestInvest.</p> <p>The \$3 billion State Government stream of WestInvest has been allocated to crucial school and hospital projects at outlined ahead of the NSW election.</p>
32	62	<p>Ms SUE HIGGINSON: Was Treasury included and involved in the draft of the current proposed Climate Change (Net Zero Future) Bill?</p> <p>SONYA CAMPBELL: I think my colleague Ms van der Walt might be able to talk to that in the context of some of the work that our strategic balance sheet management team is doing in the sustainable financing space.</p> <p>MARINA van der WALT: We might take that one on notice and get back to you. I'll see if I can get back to you today.</p>
		<p>RESPONSE</p> <p>Yes.</p>
33	62	<p>Ms SUE HIGGINSON: Thank you. Have you got Treasury forecasts and work that has relied on the current emissions reduction target of 70 per cent by 2035?</p> <p>MICHAEL COUTTS-TROTTER: I think we would need to take that on notice.</p> <p>Ms SUE HIGGINSON: Thank you.</p> <p>MICHAEL COUTTS-TROTTER: Yes, we'll take it on notice for you.</p>
		<p>RESPONSE</p> <p>The Government has endorsed emissions reduction targets of 50 per cent below 2005 levels by 2030, and net zero by 2050,</p>

		<p>which it intends to legislate through the Climate Change (Net Zero Future) Bill 2023.</p> <p>The NSW Government's emissions reduction targets are informed by state- and economy-wide emissions modelling and projections, which the Department of Planning and Environment's Net Zero Emissions Modelling team updates annually. Detailed assumptions and methodologies for the projections are subject to external peer review and published in a Methods Paper, which is publicly available on the Net Zero Emissions Dashboard at www.seed.nsw.gov.au/net-zero-emissions-dashboard.</p>
34	64	<p>Ms ABIGAIL BOYD: One of the transactions that's been added into table C.4 versus what we saw in the last budget is in relation to Green State Power, and an item there refers to contingent liabilities involving a formal dispute proceeding. Are you able to tell me anything about that dispute, presumably with Green State Power?</p> <p>SONYA CAMPBELL: I don't have any information on that. I'd have to take that on notice.</p>
		<p>RESPONSE</p> <p>There is no current dispute proceeding relating to, or stemming from, the Green State Power transaction. This insertion in Table C.4 was to ensure consistency with the contingent liability disclosures made in the annual financial statements of Electricity Asset Ministerial Holding Corporation (EAMHC) since 2014-15. To facilitate the dissolution of the Green State Power entity in 2015, most of Green State Power's residual obligations were vested to EAMHC.</p> <p>Note 13 of the 2021/22 EAMHC financial statements (found on page 213 of the 2021/22 Treasury annual report) states that "EAMHC is also liable for liabilities associated with any formal dispute resolution proceeding and the termination of employees to which Green State Power is a party. There are no known claims at 30 June 2022." Similar wording can be found in the corresponding Note on Contingent Assets and Liabilities in past EAMHC financial statements back to 2014-15 (noting the EAMHC financial statements were previously disclosed in the Crown Related Entities annual reports).</p>
35	65	<p>Ms ABIGAIL BOYD: I keep hearing about a review that's being done by the Government in relation to board positions across government. Is that being done on a department-by-department basis or —</p> <p>MICHAEL COUTTS-TROTTER: It's being coordinated by the Cabinet Office. Every agency is asked, within the terms of that</p>

		<p>review, to have an initial look at their boards and committees. The Cabinet Office is coordinating the work across government.</p> <p>Ms ABIGAIL BOYD: What sorts of things are you looking for when you're looking at those boards?</p> <p>MICHAEL COUTTS-TROTTER: The most important thing is: Are they needed? That's really the first question that people are tending to.</p> <p>Ms ABIGAIL BOYD: Are you also looking at unavoidable conflicts of interest or unavoidable perceptions of conflict of interest?</p> <p>MICHAEL COUTTS-TROTTER: I'd have to take that on notice. I can't recall. There is guidance in place at the moment that does, as you would know better than I, restrict people. For example, third-party lobbyists can't be engaged in a board dealing with a matter on which they have, in turn, lobbied in the previous 12 months. For the process of providing probity and background checks for potential candidates to State-owned corporations' boards, someone who was a registered lobbyist — this would be a matter for very careful judgement about whether you would consider that would be an appropriate appointment to a board.</p>
		<p>RESPONSE</p> <p>This question is more appropriately directed to the Premier.</p>
36	65	<p>Ms ABIGAIL BOYD: To your knowledge, has there been any consideration given to the expansion beyond registered lobbyists, as we know there are —</p> <p>MICHAEL COUTTS-TROTTER: I understand the point of distinction.</p> <p>Ms ABIGAIL BOYD: There are people who have influence without —</p> <p>MICHAEL COUTTS-TROTTER: I don't know. I can take that on notice</p>
		<p>RESPONSE</p> <p>This question is more appropriately directed to the Premier.</p>
37	65	<p>Ms ABIGAIL BOYD: Jumping to a completely different topic: banking fees. I know that in the past we have seen around \$50 million being spent on banking fees across a few different commercial banks for government. Are you able to give me a figure for how much we spent in the last financial year?</p>

		<p>MICHAEL COUTTS-TROTTER: I'm happy to again pass to my colleague Sonya Campbell. I must say one of the things I have learnt on coming into this job is just how sophisticated Treasury's management of these contracts is becoming. I do think we're getting increasingly good value for the taxpayer, in a frenemy relationship with our banking partners.</p> <p>SONYA CAMPBELL: Thank you, Secretary. I don't have the exact numbers. I can take that on notice and get that information for you. But we have been negotiating strategic merchant rates recently with the major providers. I think all of those agreements are now in the process of being concluded and signed, which will deliver genuine savings to citizens in terms of making payments to government.</p>
		<p>RESPONSE</p> <p>Treasury administered bank fees are approximately \$45.5 million in 2022-23.</p>
38	65-66	<p>The CHAIR: Excuse me, Ms Boyd, if I could jump in with a quick question relating to the Great Western Highway upgrade – or not. The Transport for NSW website says that a variety of projects, as part of that greater project, are paused and awaiting confirmation of funding by both the Australian and State governments. The measures part for Transport on A5-12 says that they are deferred. What does that mean? Are they cancelled or are they paused, subject to Federal Government funding?</p> <p>MICHAEL COUTTS-TROTTER: I'm happy to take that one on notice so that I can make sure we are accurate in response to the Committee. I think it really turns on the results of the Commonwealth's own review of its infrastructure program, which is yet to be released.</p> <p>The CHAIR: Does that mean that those projects, depending on that review – including the faster rail project and those other highway projects – are not entirely cancelled and may still be funded in the future?</p> <p>MICHAEL COUTTS-TROTTER: Let me take that one on notice so I give you an accurate response, Mr Buckingham.</p>
		<p>RESPONSE</p> <p>This question is more appropriately directed to the Minister for Transport.</p>
39	66	<p>Ms ABIGAIL BOYD: Coming back to those banking fees, Ms Campbell, if I could have the total amount that was spent last year and then also which banks that was spent with – I think it was two or three of them last time – that would be very useful.</p>

		<p>Can I also ask in relation to councils, I understand that local councils have significant funds that they've invested in various places and that there are requirements for them to have those funds invested in certain banks. Are you able to come back to me —</p> <p>MICHAEL COUTTS-TROTTER: I must say, I haven't —</p> <p>SONYA CAMPBELL: I was going to say, Ms Boyd, to your question, the State has three banking partners — Westpac, ANZ and Citibank. Westpac and ANZ are our institutional bankers where we hold the State's liquidity and they manage the transactions. That's where the agencies — and, I expect, the councils — hold their accounts. Citibank provides us with our purchasing card scheme to transition away from manual processing through to digital, which is a big part of the digital reform program that Treasury is leading, in line with what we're seeing in the Commonwealth.</p>
		<p>RESPONSE</p> <p>Treasury administers the State Bank Agreements. Fees for FY2023 - Westpac \$45M, ANZ \$0.5M. Treasury does not provide for local government (councils) agreements.</p>
40	67	<p>The Hon. DAMIEN TUDEHOPE: Using the same basis, these questions may or may not be for Mr Gellibrand. Secretary, you can take them, if you wish. Could you confirm that the capital expenditure given in table 1.1 on page 1-4 of Budget Paper No. 01 of \$19.919 billion for 2026-27 is an 11.6 per cent cut from the \$22.7 billion budgeted for 2023-24?</p> <p>MICHAEL COUTTS-TROTTER: Page 1-4. Capex, \$19.919 billion. No, I can't confirm that, although, of course, I could on notice. It is a \$116 billion four-year program, which is pretty much, almost to the dollar, equivalent to the previous four-year program but the profile may have changed.</p>
		<p>RESPONSE</p> <p>As of the 2023-24 Budget, General Government capital expenditure is projected to be \$22.2b in 2023-24 and \$19.9 billion in 2026-27.</p> <p>Capital expenditure reflects approved infrastructure projects and their timeline for delivery. Total capital expenditure varies from year to year as individual projects progress through their delivery lifecycle.</p>
41	67-68	<p>The Hon. DAMIEN TUDEHOPE: So some programs may be expedited and some may be slowed down?</p>

		<p>MICHAEL COUTTS-TROTTER: There are some programs that have been slowed down a little bit but most of our program was under contract for delivery. The conclusion of the review was that it didn't represent value for taxpayers to try and mess around with contractual arrangements for delivery, but it did make sense to identify projects in the early stages of planning that either didn't match this Government's priorities or, on a benefit-cost ratio assessment, weren't good projects. They've been removed and the effect of that —</p> <p>The Hon. DAMIEN TUDEHOPE: Can you give me a list of those, on notice?</p> <p>MICHAEL COUTTS-TROTTER: The two major ones are Wyangala and Dungowan dams with BCRs of a fraction of one-tenth of 1 per cent. They, together with some other projects in planning stages that have ever been deferred or stopped, have avoided about \$42 billion of expenditure in the planning years.</p> <p>The Hon. DAMIEN TUDEHOPE: But Warragamba Dam was never one of those, was it?</p> <p>MICHAEL COUTTS-TROTTER: Warragamba Dam, of course, was in the planning stage. Obviously this Government's policy is not to proceed with the raising of the Warragamba Dam wall.</p> <p>The Hon. DAMIEN TUDEHOPE: But no previous funding had been allocated, other than some planning money —</p> <p>MICHAEL COUTTS-TROTTER: I'd need to take that on notice, but I think you're right, yes.</p>
		<p>RESPONSE -</p> <p>Following the Strategic Infrastructure Review, the Government has agreed to delay or descope projects including:</p> <ul style="list-style-type: none"> • the Great Western Highway Duplication • Ultimo Powerhouse Museum • the Fast Rail Program • Wyangala Dam Wall Raising and the New Dungowan Dam and pipeline augmentation.
<p>42</p>	<p>68</p>	<p>MICHAEL COUTTS-TROTTER: But, if they do proceed, they come at a cost, and the analysis undertaken by Ken Kanofski and colleagues in Infrastructure NSW was that the projects the Government put a stop to have avoided \$42 billion worth of expenditure.</p> <p>The Hon. DAMIEN TUDEHOPE: Can you give me, on notice, any additional projects other than those two dams?</p> <p>MICHAEL COUTTS-TROTTER: Yes.</p>

		<p>RESPONSE – Following the Strategic Infrastructure Review, the Government has agreed to delay or descope projects including:</p> <ul style="list-style-type: none"> • the Great Western Highway Duplication • Ultimo Powerhouse Museum • the Fast Rail Program • Wyangala Dam Wall Raising and the New Dungowan Dam and pipeline augmentation.
43	68	<p>The Hon. DAMIEN TUDEHOPE: Can you confirm that the revenue from point of consumption tax for 2022-23 was \$371 million, which was significantly lower than the budgeted amount of \$452 million?</p> <p>MICHAEL COUTTS-TROTTER: I think I may have to take that on notice, Mr Tudehope.</p>
		<p>RESPONSE</p> <p>Revenue from racing (which includes the point of consumption tax and betting tax) was \$371m for 2022-23, per the 2023-24 Budget. This is lower than the forecast of \$452m at the 2022-23 Budget.</p>
44	68	<p>The Hon. DAMIEN TUDEHOPE: Would you also take on notice what information Treasury has about the possible reasons for the discrepancy and whether there is any under-reporting, and what audit processes might be in place?</p> <p>MICHAEL COUTTS-TROTTER: Okay.</p>
		<p>RESPONSE</p> <p>This revision to racing revenue has largely been driven by a downgrade in expected revenue from the point of consumption (PoC) tax.</p> <p>Questions on the audit process are more appropriately directed to the Minister for Gaming and Racing.</p>
45	68	<p>The Hon. DAMIEN TUDEHOPE: If in fact there is that discrepancy, might one of the reasons be under-reporting and, if so, is there any audit process in place?</p> <p>MICHAEL COUTTS-TROTTER: I'm happy to take that on notice.</p> <p>JOANN WILKIE: The second part of the question, Mr Tudehope, is Revenue NSW, so we'll need to talk to them about that, because it goes to the administration.</p>
		<p>RESPONSE</p>

		This question should be directed to the Minister for Gaming and Racing.
46	69	<p>The Hon. CHRIS RATH: Mr Coutts-Trotter, I was wondering if you or the Treasurer have approved any public servant's travel overseas?</p> <p>MICHAEL COUTTS-TROTTER: To the best of my recollection, I certainly haven't, and I will take on notice, if you like, the second part of your question.</p>
		<p>RESPONSE</p> <p>Agency travel is conducted in accordance with relevant NSW Government policies and guidelines including Premier and Cabinet Circular C2022-08 and ATO determinations.</p> <p>Details on overseas travel is reported in the annual report.</p>
47	69	<p>The Hon. CHRIS RATH: Has it ever been the practice of your department to pay for trade union officials' travel on such delegations?</p> <p>MICHAEL COUTTS-TROTTER: Sorry, what sort of delegations?</p> <p>The Hon. CHRIS RATH: Visits overseas as part of official business, meeting with ratings agencies, or visits to sister cities or conferences, other sorts of delegations?</p> <p>MICHAEL COUTTS-TROTTER: I would like to take Stewart Little to meet Moody's, but —</p> <p>The Hon. Dr SARAH KAINE: He'd love that.</p> <p>MICHAEL COUTTS-TROTTER: He'd love it. Sorry, I'm unfortunately habitually flippant. I will take that on notice. Not to my knowledge.</p>
		<p>RESPONSE</p> <p>No trade union officials have been taken to visit ratings agencies.</p>
48	70	<p>The Hon. DAMIEN TUDEHOPE: I suppose my confusion is that this is all still in government money, though, whether you call it general government money or whether it's paid into an owned corporation.</p> <p>MICHAEL COUTTS-TROTTER: The most significant change is you're using cash you have to deliver the capital program rather than borrowing to accumulate an ever larger growing cash balance inside TAHE, so that's the most significant impact on reducing both gross and net debt. But the other changes have an impact on the amount of borrowings in the</p>

		<p>general – reduce the borrowings needed in the general government to deliver the capital program.</p> <p>The Hon. DAMIEN TUDEHOPE: But if you had in fact just increased the cash amount within TAHE, that still remains within a government entity, does it not?</p> <p>MICHAEL COUTTS-TROTTER: Sorry, I'm not –</p> <p>SONYA CAMPBELL: TAHE, in its current structure as a State-owned corporation, is not in the general government.</p> <p>The Hon. DAMIEN TUDEHOPE: No, it's not in general government, but effectively one way potentially the money could shift from TAHE back to the general government – pay a dividend.</p> <p>MARINA van der WALT: That's right but I think, essentially, under the previous model it was equity contributions from the State to TAHE, and those are generally funded. Under the new model, where the Government has made its intention clear that it won't be a for-profit entity, those equity contributions are changing to capital grants.</p> <p>MICHAEL COUTTS-TROTTER: And those capital grants are smaller than the previous payments because they don't have to provide a return on equity and they don't have to fund the annual cost of a holding loss.</p> <p>MARINA van der WALT: Correct. It is a simpler model.</p> <p>The Hon. DAMIEN TUDEHOPE: Maybe you'd better buy me a beer at some stage and –</p> <p>MICHAEL COUTTS-TROTTER: We have a Bruce Petty-style cartoon that explains the –</p> <p>The CHAIR: A Knowledge Nation mind map, I think.</p> <p>MICHAEL COUTTS-TROTTER: A mind map. It tries to visualise this for people other than Treasurer Mookhey.</p> <p>The Hon. DAMIEN TUDEHOPE: Are you able to table that?</p> <p>MICHAEL COUTTS-TROTTER: Happy to provide it on notice to you.</p>
		<p>RESPONSE</p> <p>Changes to TAHE are most accurately explained in the 2023-24 Budget papers.</p>
<p>49</p>	<p>70</p>	<p>The Hon. DAMIEN TUDEHOPE: I will continue my questions just in case there are any nuggets of gold in any of this. When do we expect the current rail access agreements between TAHE and Sydney Trains and NSW Trains to expire?</p>

		<p>MICHAEL COUTTS-TROTTER: Sonya, have you got —</p> <p>SONYA CAMPBELL: No, I don't think I've got that on hand, but I can certainly find that out for you, Mr Tudehope.</p>
		<p>RESPONSE</p> <p>Agreements run to 30 June 2031.</p>
50	71	<p>The Hon. DAMIEN TUDEHOPE: Would you anticipate that the renegotiation would be a reduction in those access fees?</p> <p>MICHAEL COUTTS-TROTTER: Yes, because the access fees will no longer have to contain a return on equity and a payment for that year's share of a holding loss.</p> <p>The Hon. DAMIEN TUDEHOPE: In this budget have any changes been made which reflect how rail has now been treated in this budget?</p> <p>MICHAEL COUTTS-TROTTER: The 2023-24 budget?</p> <p>SONYA CAMPBELL: I think the key changes are the recognition away from equity to grants. That is the key change in the budget.</p> <p>MICHAEL COUTTS-TROTTER: Yes.</p> <p>The Hon. DAMIEN TUDEHOPE: I can perhaps ask some of these on notice as supplementary questions. Is there going to be a change in the valuation model of —</p> <p>MICHAEL COUTTS-TROTTER: Yes.</p>
		<p>RESPONSE</p> <p>There are no questions on notice.</p>
51	72	<p>The Hon. DAMIEN TUDEHOPE: One of the things that TAHE currently does as part of its portfolio base is rail land, which it is seeking to realise for the purpose of providing additional housing stock, I anticipate?</p> <p>MICHAEL COUTTS-TROTTER: Yes, and that has real policy merit, having that sort of focus.</p> <p>The Hon. DAMIEN TUDEHOPE: I'm not quibbling with that. On the sale of that land, does that build up the asset portfolio of TAHE?</p> <p>MICHAEL COUTTS-TROTTER: If the land —</p> <p>The Hon. DAMIEN TUDEHOPE: Or alternatively they could become the developer of that land.</p>

		<p>MICHAEL COUTTS-TROTTER: Indeed. They could retain an equity stake in, say, a social and community housing development.</p> <p>The Hon. DAMIEN TUDEHOPE: Are you aware whether they have in fact embarked on any of those projects already?</p> <p>MICHAEL COUTTS-TROTTER: I would need to take that one on notice.</p>
		<p>RESPONSE</p> <p>This question is more appropriately directed to the Minister for Transport.</p>
52	72	<p>The Hon. DAMIEN TUDEHOPE: There is specifically one. Is the land at Epping, which is the subject I think of a 320-odd unit development, a TAHE asset?</p> <p>MICHAEL COUTTS-TROTTER: I must confess I don't know.</p> <p>SONYA CAMPBELL: I think that would be one for Transport.</p> <p>The Hon. DAMIEN TUDEHOPE: It may be just Landcom that owns that asset.</p> <p>The CHAIR: To be clear, you were going to take that one on notice?</p> <p>MICHAEL COUTTS-TROTTER: We'll probably refer it to our colleagues in Transport.</p>
		<p>RESPONSE</p> <p>This question is more appropriately directed to the Minister for Transport.</p>
53	72	<p>The Hon. DAMIEN TUDEHOPE: Okay, I understand it. On page 5-1, it states that "the reclassification of equity contributions and an increase in grant expenditure to TAHE" and this is the point that you may have been making, Ms van der Walt is contributing to an increase in government expenses. What is the amount attributed to the reclassification of equity contributions to an increase in government expenses?</p> <p>MICHAEL COUTTS-TROTTER: To a capital grant? I don't recall.</p> <p>SONYA CAMPBELL: We would have that information but we might need to take that on notice.</p>
		<p>RESPONSE</p> <p>Refer to page 73 of the transcript.</p>

54	73	<p>The Hon. DAMIEN TUDEHOPE: For that matter, what is the amount attributed to an increase of grant expenditure to an increase in government expenses?</p> <p>MICHAEL COUTTS-TROTTER: We can take that one on notice for you, Mr Tudehope.</p>
		<p>RESPONSE</p> <p>This question is more appropriately directed to the Minister for Transport.</p>
55	73	<p>The Hon. DAMIEN TUDEHOPE: If I go to page 5-7, it provides that expense reclassifications of TAHE is contributing to an increase in grants and subsidies. What amount is attributed to this?</p> <p>MICHAEL COUTTS-TROTTER: Again, this would be treating previous equity contributions as a capital grant and it would run through the operating result. It's essentially the same as previous questions we've taken on notice, but we'll respond on that.</p>
		<p>RESPONSE</p> <p>This question is more appropriately directed to the Minister for Transport.</p>
56	73	<p>The Hon. DAMIEN TUDEHOPE: I think that's a very good direction. If I go to page A5-12, it lists for the Transport portfolio a list of material measures related to TAHE. These are the questions which I was asking you previously, Mr Secretary. Can you provide on notice a detailed breakdown by year for each of those material measures? It probably fits within what I had asked you to do previously, but it's a specific one.</p> <p>MICHAEL COUTTS-TROTTER: I'm looking at the points. Yes, we'll respond on notice.</p>
		<p>RESPONSE</p> <p>This question is more appropriately directed to the Minister for Transport.</p>
57	73	<p>The Hon. DAMIEN TUDEHOPE: One of these measures is an increase in grant expenditure provided to TAHE to compensate for interest revenue forgone due to the utilisation of TAHE's cash balances.</p> <p>MICHAEL COUTTS-TROTTER: Yes.</p>

		<p>The Hon. DAMIEN TUDEHOPE: How much interest revenue is TAHE expected to forgo?</p> <p>MICHAEL COUTTS-TROTTER: We're happy to take that on notice. In the scheme of things, it's not a very large amount, from memory – tens of millions.</p> <p>SONYA CAMPBELL: We'll have that information</p>
		<p>RESPONSE</p> <p>Interest revenue foregone due to the utilisation of TAHE's cash holdings are included in the aggregates reported in the 2023-24 Budget.</p>
58	74	<p>The Hon. DAMIEN TUDEHOPE: On that basis, could you confirm that the budget expenditure summarised in table 5.2 on page 5-5, under other operating expenses for 2026-27 is \$26.05 billion? The question I want to again pose to you is: Is this a 10 per cent cut from the budgeted \$28.738 billion from 2023-24?</p> <p>MICHAEL COUTTS-TROTTER: I'm sorry, what's the table reference, Mr Tudehope?</p> <p>The Hon. DAMIEN TUDEHOPE: Table 5.2 on page 5-5.</p> <p>MICHAEL COUTTS-TROTTER: Are these expressed in dollars of the day?</p> <p>The Hon. DAMIEN TUDEHOPE: Yes. So that's about a 10 per cent cut from the budgeted – the difference between 2026-27 and 2023-24 is about a 10 per cent reduction.</p> <p>ELIZABETH LIVINGSTONE: Which line item?</p> <p>The Hon. DAMIEN TUDEHOPE: Other expenses – "Other Operating Expense".</p> <p>ELIZABETH LIVINGSTONE: There's a changing mix of expenses given the changes that the Government has made to its priorities.</p> <p>The Hon. DAMIEN TUDEHOPE: There is \$28.738 billion in 2023-24.</p> <p>MICHAEL COUTTS-TROTTER: That's true.</p> <p>The Hon. DAMIEN TUDEHOPE: In 2026-27, it's \$26.065 billion. So that's about a 10 per cent reduction. MICHAEL COUTTS-TROTTER: Yes, but the composition of what's in that has changed as well. The Hon. DAMIEN TUDEHOPE: Are those figures available?</p> <p>MICHAEL COUTTS-TROTTER: I am happy to take that on notice, but reflecting on 2023-24, you've got coal price cap grant payments. You've got an increase to energy rebates.</p>

		You've got \$2 billion, from memory, of disaster grant funding carried forward from 2022-23 into the following year. So there are a range of things that would explain the difference between the 2023-24 figure and the 2026-27 figure, other than just that these are comparable figures with discount inflation. I'm just saying it's a bit more complex than that.
		RESPONSE The 2023-24 Budget projects operating expenses to be \$28.7 billion in 2023-24 decreasing to \$26.1 billion in 2024-25.
59	74-75	The Hon. DAMIEN TUDEHOPE: If I go to the line item "Grants, Subsidies, and Other Transfers", for 2026-27, this is \$21.515 billion. This represents a cut of 30 per cent from the budgeted \$28.1 billion in 2023-24. ELIZABETH LIVINGSTONE: For this line item, some of the things that the secretary mentioned before like the TAHE grants, energy relief and toll relief, even grants we make for things like out-of-home care et cetera are higher in 2023-24. The Hon. DAMIEN TUDEHOPE: Are you able to, on notice, give me a break-up of how we've got to that reduction? ELIZABETH LIVINGSTONE: We can take on notice providing some explanation of that.
		RESPONSE The 2023-24 Budget projects grant expenses to decrease from \$28.1 billion in 2023-24 to \$23.7 billion in 2024-25 as temporary measures end.
60	75	The Hon. DAMIEN TUDEHOPE: I ask you to confirm this: The budget expenditure on employee and superannuation expenses for 2026-27 represents 46.3 per cent of the total expenditure. That's correct? MICHAEL COUTTS-TROTTER: We'll take that on notice and pull our calculators out—
		RESPONSE Budget expenditure on employee and superannuation expenses for 2026-27 represents 46.3 per cent of total expenditure.

Ms ABIGAIL BOYD: The other thing that's been added is the ports contracts, which I know that we will now get to see thanks to Labor keeping its election promise. There's an addition here that the State will be liable to pay limited compensation to the financiers if the leases are terminated for any reason. Can you explain in a bit more detail what that quantum might be and how it would be determined, even if we don't know the exact amount at the moment?

SONYA CAMPBELL: I think, to answer that question, we're not anticipating those leases to be terminated. Obviously, we have concluded the ACCC proceedings. As you'd be aware, we do have the IPART determination process on foot at the moment in respect of the Port of Newcastle. We're not expecting a final determination until around April or May next year, so I'd have to get some advice around what might be included in that type of liability.

Ms ABIGAIL BOYD: Yes, how the termination payment will be calculated would be useful to know.

In response to the question from Ms Boyd:

- This insertion in Table C.4 was to ensure consistency with the contingent liability disclosures made in the annual Report on the State Finances (otherwise known as Total State Sector Accounts) since 2015/16.
- A general outline of the compensation calculation if a Port Lease is terminated has been publicly disclosed in the annual financial statements of the Ports Assets Ministerial Holding Corporations since 2014/15.
- The relevant Port Lessor (guaranteed by the State) must provide limited compensation to financiers if a Ports Lease is terminated for any reason, including default or breaches of the Port Lease, insolvency of the Port Lessee or Port Manager and force majeure. The compensation payable by the relevant Port Lessor to financiers if a Port Lease is terminated is capped at the lesser of:
 - the remaining value of the Port Lease (with the State having the discretion of either a market-based or independent expert approach); or
 - the debt owed to financiers attributable to the Port Lease; or
 - if applicable, a debt cap benchmarked against debt appropriate to a long-term investment grade credit rating.