

PORTFOLIO COMMITTEE NO. 1 – PREMIER AND FINANCE

Monday, 3 September 2018

Examination of proposed expenditure for the portfolio area

TREASURY, INDUSTRIAL RELATIONS

CORRECTED

The Committee met at Roster 2.00 p.m.

MEMBERS

Reverend the Hon. Fred Nile (Chair)

The Hon. Lou Amato

The Hon. Scott Farlow

Mr Justin Field

The Hon. John Graham

The Hon. Taylor Martin

The Hon. Daniel Mookhey

The Hon. Adam Searle

Mr David Shoebridge

PRESENT

The Hon. Dominic Perrottet, *Treasurer, and Minister for Industrial Relations*

CORRECTIONS TO TRANSCRIPT OF COMMITTEE PROCEEDINGS

Corrections should be marked on a photocopy of the proof and forwarded to:

**Budget Estimates secretariat
Room 812
Parliament House
Macquarie Street
SYDNEY NSW 2000**

CORRECTED

The CHAIR: Welcome to this public hearing for the inquiry into Budget Estimates 2018-19. I acknowledge the Gadigal people, who are the traditional custodians of this land. I also pay respect to the elders past and present of the Eora nation and extend that respect to other Aboriginals who may be present. I welcome Minister Perrottet and accompanying officials to this hearing. Today the Committee will examine the proposed expenditure for the portfolios of Treasury, and Industrial Relations. Before we commence I will make some brief comments about the procedures for today's hearing.

Today's hearing is open to the public and is being broadcast live via the Parliament's website. In accordance with the broadcasting guidelines, while members of the media may film or record Committee members and witnesses, people in the public gallery should not be the primary focus of any filming or photography. I remind media representatives that they must take responsibility for what they publish about the Committee's proceedings. It is important to remember that parliamentary privilege does not apply to what witnesses may say outside of their evidence at the hearing. I urge witnesses to be careful about any comments they may make to the media or to others after they complete their evidence as such comments would not be protected by parliamentary privilege if another person decided to take an action for defamation. The guidelines for the broadcast of proceedings are available from the secretariat.

There may be some questions that witnesses could only answer if they had more time or with certain documents to hand. In those circumstances witnesses are advised that they can take a question on notice and provide an answer within 21 days. Any messages from advisers or members' staff seated in the public gallery should be delivered through the Committee secretariat. Treasurer, I remind you and the officers accompanying you that you are free to pass notes and refer directly to your advisers seated at the table behind you. A transcript of this hearing will be made available on the website tomorrow. To aid the audibility of this hearing I remind both Committee members and witnesses to speak into the microphones. In addition, several seats have been reserved near the loudspeakers for persons in the public gallery who have hearing difficulties. Finally, could everyone turn their mobile phones to silent for the duration of the hearing. All witnesses from departments, statutory bodies or corporations will be sworn prior to giving evidence. Treasurer, I remind you that you do not need to be sworn as you have already sworn an oath to your office as a member of Parliament.

CORRECTED

PHIL GARDNER, Deputy Secretary, Commercial, Treasury, affirmed and examined

CARALEE McLIESH, Deputy Secretary, Fiscal and Economic Group, Treasury, sworn and examined

MICHAEL PRATT, Secretary, Treasury, sworn and examined

JOHN NAGLE, Chief Executive Officer and Managing Director, icare, sworn and examined

VICKI TELFER, Deputy Secretary, People Strategy Group, Treasury, affirmed and examined

The CHAIR: I declare the proposed expenditure for the portfolios of Treasury, and Industrial Relations, open for examination. As there is no provision for the Minister to make an opening statement before the Committee commences questioning, we will begin with questions from the Opposition.

The Hon. DANIEL MOOKHEY: Following your decision on Friday to lock Western Sydney up in 42 years of tolls that rise by a minimum of 4 per cent every year, Transurban said to the Australian Securities Exchange [ASX] that Roads and Maritime Services [RMS] is liable to compensate WestConnex for delay in completion, abandonment or a change in scope of stage 3B, which is the Rozelle interchange and the Iron Cove link. We will be paying Transurban if the Rozelle interchange is late, if the design changes or if the Rozelle interchange is not built. How much will we be paying them?

Mr DOMINIC PERROTTET: The first comment I would make in relation to the WestConnex transaction is how concerned I was over the course of the transaction by the reckless statements made by the Opposition at various times during the live transaction. I want to pay credit to the shadow Treasurer, who during the course of the transaction refrained from making comments. I note that the shadow transport Minister made a submission—

The Hon. DANIEL MOOKHEY: That is not the question I was asking you. If you would like Government members to ask you questions, just tell them. The question I am asking you is: How much will we be paying Transurban if the Rozelle interchange is late, abandoned or changes in its design?

Mr DOMINIC PERROTTET: I am answering the question and I will return to my previous statement. A number of comments were made including a submission to the Australian Competition and Consumer Commission [ACCC] by the Labor Opposition in respect of the transaction. We also had numerous statements in respect of—

The Hon. DANIEL MOOKHEY: Sorry, but this is not relevant to the question.

The CHAIR: The Treasurer has the right to answer questions as he sees fit.

Mr DOMINIC PERROTTET: It is completely relevant.

The Hon. DANIEL MOOKHEY: He has to answer the question.

Mr DOMINIC PERROTTET: It is completely relevant because the reckless commentary that was made in respect to a live transaction put at risk billions of dollars that we can now invest in schools and hospitals across the State. Under your Opposition, we would not have—

The Hon. DANIEL MOOKHEY: How much will we be paying Transurban if the Rozelle interchange is late?

The Hon. SCOTT FARLOW: Point of order—

The CHAIR: Mr Mookhey, you have asked the question and you have opened yourself up to this reply.

The Hon. ADAM SEARLE: Point of order: Ministers are entitled to answer as they see fit as long as they are generally relevant. The response of the Treasurer is not generally relevant to the question asked by the Hon. Daniel Mookhey, which was about financial exposure as a result of the transaction.

The CHAIR: That is right. He is just emphasising that the Labor Party added to the threats to the situation.

The Hon. DANIEL MOOKHEY: Transurban has said to the ASX and its investors—

The CHAIR: Let the Treasurer finish his comment.

The Hon. DANIEL MOOKHEY: Transurban has said—

CORRECTED

The CHAIR: The Treasurer is still answering the question. Do you have anything further to add?

Mr DOMINIC PERROTTET: The reality is—and this needs to be put on record—that the reckless commentary from the Labor Party in respect of a live transaction risked billions of dollars for New South Wales. I am incredibly frustrated by the immaturity and the fact that the Labor Party continues to put politics before the people of our great State. These transactions are complicated and have a range of issues. As a result of this transaction, the State and the people of New South Wales have received \$9.26 billion. That not only covers the completion of stage three of WestConnex, the important link between the M4 and the M5, but also enables the State to invest more than \$4 billion in schools and hospitals. I say to the Labor Party: You explain to the State—

The Hon. DANIEL MOOKHEY: Treasurer, it has been four minutes.

The CHAIR: Let the Treasurer finish his comment.

Mr DOMINIC PERROTTET: You explain to the State—

The Hon. DANIEL MOOKHEY: It has been four minutes and you have not mentioned Rozelle.

Mr DOMINIC PERROTTET: You explain to the people of New South Wales—

The Hon. DANIEL MOOKHEY: How much will we be paying Transurban if the Rozelle interchange is not built? You have had four minutes to get to the answer. I accept that Transurban is under an obligation to continuously tell the truth to the ASX. I am asking you: How much will we be paying Transurban if the Rozelle interchange is not built?

Mr DOMINIC PERROTTET: What is interesting, Mr Mookhey, is the only people paying Transurban are the taxpayers of New South Wales under your cashback scheme, because your cashback scheme will be going straight into fattening—

Mr DAVID SHOEBRIDGE: Point of order: I ask the Chair to direct the Treasurer to be generally relevant. He is not being generally relevant. He is not even coming within a bull's roar of answering the question. There has been a fair series of attempts made by this member. Could the Chair bring the witness to order and direct that he be generally relevant.

Mr DOMINIC PERROTTET: To the point of order—

The Hon. DANIEL MOOKHEY: You do not get to do that, you are not a Committee member.

Mr DAVID SHOEBRIDGE: That is my point of order and I would ask the Chair to rule on it.

The CHAIR: The Treasurer is indicating why the money is at risk through the Opposition's actions. He is trying to make that point.

Mr DOMINIC PERROTTET: And not just that point. If the Committee is concerned—

Mr DAVID SHOEBRIDGE: Point of order: Could the Chair prevent the witness from interjecting whilst you are making a ruling on my point of order.

The CHAIR: I made the ruling. I said he was generally relevant.

Mr DOMINIC PERROTTET: I have not finished my answer.

The Hon. DANIEL MOOKHEY: You have not started your answer.

Mr DOMINIC PERROTTET: No, I have; apparently I am five minutes in.

The Hon. DANIEL MOOKHEY: If you would like to get back to the hole, how much are you paying Transurban?

The Hon. SCOTT FARLOW: Point of order—

The CHAIR: Let the Treasurer finish his statement, and you can move on with your questions. Let him finish.

Mr DOMINIC PERROTTET: If the concern is in respect of Transurban, your unfair cashback scheme, which I call a voter buyback scheme, which is to get votes in certain seats at the expense of other people, whether you live in Wagga Wagga or Woy Woy, you will have to pay close to \$3.3 billion to Transurban, paid for by the taxpayers of New South Wales. To Mr Shoebridge's point, if there was any fair dinkum concern in respect to Transurban, then I say you should rethink your cashback scheme or your voter buyback scheme, because the taxpayers—

CORRECTED

Mr DAVID SHOEBRIDGE: You are going to get rid of the cashback scheme?

Mr DOMINIC PERROTTET: No.

The Hon. SCOTT FARLOW: Point of order: The Treasurer is trying to answer the question. Members of both The Greens and the Opposition are continually interrupting; therefore the Treasurer cannot answer the question.

Mr DAVID SHOEBRIDGE: He is telling everyone he wants to get rid of the cashback.

The Hon. SCOTT FARLOW: Could there possibly be some level of silence from members opposite while the Treasurer is answering?

The CHAIR: The Treasurer is almost at the end of his answer; let the Treasurer answer.

Mr DOMINIC PERROTTET: What is concerning to me is that people across New South Wales will have to pay their taxes to go towards people using a toll road when they are not using it. Throughout the course of the live transaction, the reckless commentary made that we should pause the transaction, that we should not stay to deadlines in circumstances where members of the Opposition did not have information, were not across any of the relevant information—

The Hon. DANIEL MOOKHEY: In light of your criticisms of cashbacks—

Mr DOMINIC PERROTTET: For you to come in and ask questions in respect—

The Hon. DANIEL MOOKHEY: In light of your criticisms—

The CHAIR: Let the Treasurer finish his answer.

Mr DOMINIC PERROTTET: —what was a very sensitive transaction that was able to deliver for the people of New South Wales a significant result in circumstances where the Labor Party built five of the nine toll roads across Sydney. When it comes to the cost to Transurban, what I would suggest—

The Hon. JOHN GRAHAM: Treasurer, could I ask a question shortly, when you are finished?

Mr DOMINIC PERROTTET: —is you should revisit your own plan and say that our plan, which provides free car registration for people who use tolls up to \$25 a week, is a lot fairer.

The Hon. DANIEL MOOKHEY: In light of your criticisms of cashback, can you now simply say that there will not be a cashback scheme on the M4 under this Liberal Government?

Mr DOMINIC PERROTTET: What I can say is that your approach to financial management—

The Hon. DANIEL MOOKHEY: If it is so bad, then just say you are not going to implement it.

Mr DOMINIC PERROTTET: What I can say is—

The Hon. DANIEL MOOKHEY: Say right now you will not be implementing it.

The Hon. SCOTT FARLOW: Point of order—

The CHAIR: Let the Treasurer answer the question.

Mr DOMINIC PERROTTET: What I can say is that your approach to this transaction has been completely reckless, immature and undergraduate. That is why your party should never be in charge of the Treasury benches again, because until such time—

The Hon. JOHN GRAHAM: You have made the political point and I respect that. I put this view to you: It is quite extraordinary to be asked directly about compensation that might be due from the State as part of this transition and to refuse to answer that question. We are putting that question on the table to you. This is your opportunity—

Mr DOMINIC PERROTTET: You can make whatever—

The Hon. JOHN GRAHAM: What compensation is due from the State of New South Wales—

Mr DOMINIC PERROTTET: You can make—

Mr DAVID SHOEBRIDGE: You have to wait for the question to finish.

The Hon. JOHN GRAHAM: —under this deal. What compensation is due?

CORRECTED

Mr DOMINIC PERROTTET: You can make whatever commentary you would like. What I would say to you is, the State retains a 49 per cent share in the Sydney Motorway Corporation.

The Hon. JOHN GRAHAM: Understood.

Mr DOMINIC PERROTTET: I am not going to engage in a hypothetical discussion with members—

The Hon. JOHN GRAHAM: It is not hypothetical, it is in the contract.

Mr DOMINIC PERROTTET: —of the Labor Party who have sought to damage this transaction from start to finish and then to have the shadow Planning Minister at a press conference say if they have got billions of dollars for schools and hospitals, so do we.

The Hon. DANIEL MOOKHEY: I am sorry you are irritated. I am sorry he hurt your feelings.

Mr DOMINIC PERROTTET: You are disqualified—

The Hon. DANIEL MOOKHEY: Moving on.

Mr DOMINIC PERROTTET: It is not about my feelings.

The Hon. DANIEL MOOKHEY: I am sorry your feelings have been hurt. Moving on—

Mr DOMINIC PERROTTET: No, it is not about that.

The Hon. DANIEL MOOKHEY: I will tell the shadow Planning Minister that you are not going to support his re-election, but let us move on.

The CHAIR: Let the Treasurer finish, then you can ask your question.

Mr DOMINIC PERROTTET: That is the type of undergraduate behaviour that puts significant billions of dollars at risk. You smile, Mr Mookhey. It is not a laughing matter. These are serious transactions that have serious consequences.

The Hon. DANIEL MOOKHEY: So serious enough, that you are not prepared to come before the Parliament and answer the most basic question because of your 10-minute pre-paid nonsense.

Mr DOMINIC PERROTTET: Not at all.

The Hon. DANIEL MOOKHEY: Let us move on if you are not going to answer the question.

Mr DOMINIC PERROTTET: I have not finished.

The Hon. DANIEL MOOKHEY: Despite the best efforts—

The Hon. SCOTT FARLOW: Point of order—

The CHAIR: Has the Minister finished answering the question?

Mr DOMINIC PERROTTET: No, I have not.

The CHAIR: Conclude then.

Mr DOMINIC PERROTTET: The Labor Party is disqualified from making any inference in respect of where the billions of dollars from this transaction should go—

Mr DAVID SHOEBRIDGE: Point of order: The Minister by starting his answer by, "The Labor Party is disqualified from" asking this question is cavilling with the question. As the Chair would know, the witness is not allowed to cavil with the question, whether the question is in order or not, or appropriate.

Mr DOMINIC PERROTTET: I did not say that.

The Hon. DANIEL MOOKHEY: You did say that.

Mr DAVID SHOEBRIDGE: It is a matter for the Chair and not the witness. The Minister cannot argue with the question. He must try to, at some point, answer the question.

Mr DOMINIC PERROTTET: There has been a misunderstanding.

The Hon. SCOTT FARLOW: To the point of order: The Minister was being generally relevant to the question asked by Mr Mookhey and was canvassing an issue of the Labor Party's record on this subject.

CORRECTED

The Hon. ADAM SEARLE: To the point of order: These Committees are often robust, but Ministers at least try to make their answers vaguely relevant and responsive to the questions. The Treasurer is having a lend of this Committee. He may feel that he is above parliamentary scrutiny, but he is not. Can the Minister at least try to answer the question? You have made your political points, now get to the substance. What does the contract provide?

Mr DOMINIC PERROTTET: Mr Searle—

The Hon. ADAM SEARLE: What does the contract provide?

Mr DOMINIC PERROTTET: We have sat here for the past two months with running commentary by your side of politics. The shadow Treasurer would not even engage because at least he has the common decency and understanding of people before the political games that your party continues to play.

The Hon. DANIEL MOOKHEY: I will take the point of order on this again.

The Hon. ADAM SEARLE: We are here at budget estimates, we are asking the questions.

The CHAIR: We will move on to another question.

The Hon. DANIEL MOOKHEY: I would like to, Mr Chair.

Mr DOMINIC PERROTTET: That is right, Mr Searle, it is budget estimates.

The Hon. DANIEL MOOKHEY: I would like to move on to another question.

Mr DOMINIC PERROTTET: It is budget estimates and the \$9.26 billion—

The Hon. DANIEL MOOKHEY: If that is possible, if the witness could allow us to move onto another question.

Mr DOMINIC PERROTTET: —that the people of New South Wales have benefited from, has a significant impact on the New South Wales budget.

The Hon. DANIEL MOOKHEY: If the witness would allow us to ask him questions, if he would like to have the Government ask him questions, the Government should have organised that beforehand. Treasurer, despite the best efforts of your colleague the transport Minister, we learnt on Friday that you secretly guaranteed to pay back banks \$500 million in the event that ALTRAC becomes insolvent. When did you approve the transport Minister's request for a secret bailout for the central business district light rail?

Mr DOMINIC PERROTTET: In respect of that question, I reject the proposition that is being made. The point I would make: it was drawn to my attention that the transport Minister, who was in budget estimates on—

The Hon. DANIEL MOOKHEY: Friday.

Mr DOMINIC PERROTTET: —Friday, that you put to him this view that somehow the State Government has—

The Hon. DANIEL MOOKHEY: No, I did not put that view to him. The question I asked him is the question I just asked you, which you do not want to answer, which is: When did you get the request from Transport for NSW to approve a joint financial arrangement under section 20 of the Public Authorities (Financial Arrangements) Act? That is the question.

Mr DOMINIC PERROTTET: You seem to be making an inference—

The Hon. DANIEL MOOKHEY: What the transport Minister—

Mr DOMINIC PERROTTET: —that the State Government—

The Hon. DANIEL MOOKHEY: It is not an inference. Treasurer, you have to allow me to ask the question—

Mr DOMINIC PERROTTET: —is somehow investing \$500 million.

The Hon. SCOTT FARLOW: You have already asked the question. The Treasurer should be allowed to answer it.

The Hon. ADAM SEARLE: Point of order—

CORRECTED

The CHAIR: Mr Mookhey, you have asked the question. The Treasurer will be allowed to answer the question.

Mr DOMINIC PERROTTET: The inference that you appeared to make on Friday was that the State Government has somehow injected an additional \$500 million into the light rail project.

The Hon. DANIEL MOOKHEY: No, I did not make that inference.

Mr DOMINIC PERROTTET: If you are referring to apparently some leaked letter, the only conclusion I could draw is, one, you are financially illiterate or, two, you are being deceptive—

The Hon. ADAM SEARLE: Point of order—

Mr DOMINIC PERROTTET: —or both, because to the question—

The Hon. ADAM SEARLE: Mr Chair, I have taken a point of order. It is customary for the Minister to stop talking.

The CHAIR: What is the point of order?

The Hon. ADAM SEARLE: The question has been asked by the Hon. Daniel Mookhey and the Treasurer is not being generally relevant. He is cavilling with the question. He is putting imputations in the mouth of the Hon. Daniel Mookhey that do not arise. The Hon. Daniel Mookhey asked a very simple question about when did the Treasurer get a certain request. For the third occasion in this brief hearing so far the Treasurer finds himself unable or unwilling to directly respond to the question. We ask ourselves: What has he got to hide?

Mr DOMINIC PERROTTET: Do I respond to that?

The Hon. ADAM SEARLE: No, you answer the Hon. Daniel Mookhey's question.

Mr DOMINIC PERROTTET: Right—

The Hon. ADAM SEARLE: When did you get the request?

Mr DOMINIC PERROTTET: Mr Searle, the point that I was making was to clarify the situation in respect of the fact that the Minister for Transport and Infrastructure had made a request to be guarantor to a liquidity facility—

The Hon. DANIEL MOOKHEY: Ah—he denied that.

Mr DOMINIC PERROTTET: The State—

The CHAIR: Let the Treasurer answer the question.

Mr DOMINIC PERROTTET: You cannot have it both ways. Can I—

The Hon. SCOTT FARLOW: It is pretty direct.

The Hon. DANIEL MOOKHEY: This is good.

The CHAIR: The Treasurer will be allowed to answer the question without the member's commentary on the answer.

Mr DOMINIC PERROTTET: The State has not injected one additional dollar. Now, the amount of \$500 million is an interesting figure because it is the same amount that the NSW Labor Party spent when it was in government on the Rozelle metro. That is actually a real dollar—

The Hon. DANIEL MOOKHEY: Which banks—

Mr DOMINIC PERROTTET: That is \$500 million of taxpayer dollars that the Labor Party wasted. I also note we are building—

The Hon. DANIEL MOOKHEY: Treasurer, which banks have we given this guarantee for?

Mr DOMINIC PERROTTET: —we are building \$87 billion—

The Hon. DANIEL MOOKHEY: Given that we have guaranteed \$500 million—

The Hon. TAYLOR MARTIN: Point of order—

The Hon. DANIEL MOOKHEY: —which banks have we given the guarantee to?

CORRECTED

The Hon. TAYLOR MARTIN: The Treasurer is finishing his answer to the previous question. I would really like to hear the answer.

The CHAIR: The Treasurer will be allowed to complete his answer.

The Hon. DANIEL MOOKHEY: If he is going to complete his answer then could he also complete his answer about which banks we have given the \$500 million guarantee to?

Mr DOMINIC PERROTTET: Mr Chair, an \$87 billion investment in infrastructure over the next four years. The NSW Government is a leader when it comes to infrastructure financing and delivery. My role as Treasurer of New South Wales is to get the best return for the taxpayers of this State and we want to see—there is no doubt that there have been challenges with the light rail project, that is true. There are challenges with a range of infrastructure projects—

The Hon. DANIEL MOOKHEY: Which banks have we given the guarantee to?

Mr DOMINIC PERROTTET: You would not be aware of that because in terms of real dollars there has not been one extra dollar in the light rail project, despite the allegations you made to the Minister for Transport and Infrastructure.

The Hon. DANIEL MOOKHEY: Okay. In respect of—

Mr DOMINIC PERROTTET: In respect of the guarantee, yes, Transport has sought Treasury's approval, my approval—

The Hon. DANIEL MOOKHEY: On interim liquidity funding?

Mr DOMINIC PERROTTET: —to provide that. If you would like the date I will take that on notice.

The Hon. DANIEL MOOKHEY: And what about the banks? Which banks' loans have we guaranteed?

Mr DOMINIC PERROTTET: I can take that on notice.

The Hon. DANIEL MOOKHEY: What security have we got over the light rail consortium in the event they go bankrupt and we can recover the \$500 million guarantee?

Mr DOMINIC PERROTTET: Once again, you are creating another—

The Hon. DANIEL MOOKHEY: Are they paying for the guarantee?

Mr DOMINIC PERROTTET: I mean, you cannot sit here in budget estimates, with respect, and go through hypothetical scenarios.

The Hon. DANIEL MOOKHEY: No, I am asking you: Has the guarantee got any securities on it?

Mr DOMINIC PERROTTET: Please do not bring your—

The Hon. DANIEL MOOKHEY: Have you in the course of granting the guarantee insisted that it be secured against some asset at all—which, can I just say, is generally banking 101? If you had actually turned up to undergraduate class when we were at university you would know that.

Mr DOMINIC PERROTTET: You are bringing your National Union of Students out. Just so you know, Daniel, I am actually an insolvency lawyer.

The Hon. DANIEL MOOKHEY: Then you should know the answer. What assets have we secured it against?

Mr DOMINIC PERROTTET: Let's get to the nub of the issue here: We are investing \$87 billion over the next four years—

The Hon. DANIEL MOOKHEY: Has ALTRAC paid us for this—

The Hon. SCOTT FARLOW: Point of order—

Mr DOMINIC PERROTTET: We have not injected an additional dollar—

The Hon. DANIEL MOOKHEY: Are ALTRAC paying for the guarantee?

Mr DOMINIC PERROTTET: —of taxpayer funds in respect to the light rail project. There are challenges in respect of the light rail project. Transport has requested to guarantee ALTRAC to draw down on a liquidity facility. Not one dollar has been invested additionally by the State. That is very different, very different

CORRECTED

from the \$500 million Rozelle metro of the Labor Party of which every single dollar of taxpayer funds were wasted. At the same time, if you want to talk about the figure \$500 million, I also note that the North West Rail Link is \$500 million under budget and on time—a project that you promised in government to deliver four times and failed every single time. So when it comes to infrastructure financing and delivery, the NSW Government is the gold standard.

Mr DAVID SHOEBRIDGE: The \$500 million bank guarantee to ALTRAC is clearly a substantial benefit to them, is it not?

Mr DOMINIC PERROTTET: What is important to us is that this project is completed in as timely a way as possible—

Mr DAVID SHOEBRIDGE: Treasurer, I do not want to argue with you. It was a simple question. Is it a substantial benefit to ALTRAC?

Mr DOMINIC PERROTTET: I am not going to comment in relation to—

Mr DAVID SHOEBRIDGE: Anything in your portfolio?

Mr DOMINIC PERROTTET: No. A view of a—

Mr DAVID SHOEBRIDGE: How much did they pay for it?

Mr DOMINIC PERROTTET: —a financial benefit.

Mr DAVID SHOEBRIDGE: How much did they pay for it? They got a \$500 million bank guarantee provided by the people of New South Wales. How much did ALTRAC pay for it?

Mr DOMINIC PERROTTET: No. There is a guarantee—

Mr DAVID SHOEBRIDGE: How much did they pay for it? It is budget estimates, it is about the dollars. How much did they pay?

Mr DOMINIC PERROTTET: I do not have that figure in front of me. I will take it on notice.

Mr DAVID SHOEBRIDGE: Treasurer, in the first year of this Government—

Mr DOMINIC PERROTTET: Sorry, which year are we talking about—2011?

Mr DAVID SHOEBRIDGE: Yes. The State Government departments paid approximately half a billion dollars in labour hire but in the last full financial year they paid \$1.4 billion in labour hire.

Mr DOMINIC PERROTTET: Sorry, what were those figures again?

Mr DAVID SHOEBRIDGE: Half a billion dollars in the financial year of 2010-11.

Mr DOMINIC PERROTTET: Half a?

Mr DAVID SHOEBRIDGE: Half a billion—\$500 million.

Mr DOMINIC PERROTTET: Yes.

Mr DAVID SHOEBRIDGE: But in 2017-18 it has escalated to \$1.4 billion on contingent labour, as the Auditor-General would describe it. What on earth is going wrong that you are paying such a vast amount of money on contingent labour?

Mr DOMINIC PERROTTET: We are very proud of the fact that when it comes to the labour costs in New South Wales we are making sure that those costs are delivering real outcomes for the people of this State. One of the, I guess, proud aspects we announced in 2017-18, if we go to the most recent budget, was the significant reduction in back-office and a significant increase in front-office public service. So by freeing up that back office we are able to invest in the teachers, the nurses and the police officers, paramedics—

Mr DAVID SHOEBRIDGE: But my question was about contingent labour, if we could get back to that.

Mr DOMINIC PERROTTET: Importantly, as well, when we are also embarking on substantial transactions and you are comparing 2011, we came off the back of a stagnant government that had not done very much for a substantial period of time.

Mr DAVID SHOEBRIDGE: I was pointing out that there had been a threefold increase in spending on contingent labour.

CORRECTED

Mr DOMINIC PERROTTET: The reality is as significant transactions take place, and there have been a number of transactions that this Government has undertaken, over that period of time you need to get the support to make sure we deliver better outcomes for the State.

Mr DAVID SHOEBRIDGE: Treasurer, the opportunity cost of that on contingent labour is 16,000 full-time, secure, permanent jobs. It is an ideological position from your Government to downgrade the public service and move to contingent labour because you have an issue with full-time paid, proper public service jobs, is it not?

Mr DOMINIC PERROTTET: Well—

Mr DAVID SHOEBRIDGE: That is the point, is it not?

Mr DOMINIC PERROTTET: No.

Mr DAVID SHOEBRIDGE: That is why there has been a threefold increase.

The Hon. SCOTT FARLOW: Let him answer the question.

Mr DOMINIC PERROTTET: No, that is fair enough. I refer to Budget Paper No. 1. On page 6.6 "Employee expenses" the chart shows annual average growth in 2003-04 was 6.3 per cent compared to the average forecast annual growth of 3.5 per cent. So we have a strong wages policy but, importantly, frontline staff—you talk about what is our ideological focus, our ideological focus is that we have more teachers, more nurses, more police officers and more staff on the front line.

Mr DAVID SHOEBRIDGE: And more labour hire—vastly more labour hire.

Mr DOMINIC PERROTTET: If we look at the increase in front-line—this is important because you compared the periods from 2011 to 2017—we find that, during that period, the total number of front-line staff, which you conveniently did not include, has increased by 8,009 FTEs, and non-front-line staff numbers fell by 12,000. So what we are really seeing here is a shift from the back office into the front office. I want the public service in New South Wales working for the people of the State.

Mr DAVID SHOEBRIDGE: But my question was about the proportion in labour hire.

Mr DOMINIC PERROTTET: But having said that—

Mr DAVID SHOEBRIDGE: You are going all around it. Answer that question.

Mr DOMINIC PERROTTET: Not at all. The implication of what you are suggesting by saying there has been an increase in contingent labour is that somehow that is replacing front-line staff or—

Mr DAVID SHOEBRIDGE: I am suggesting it is replacing permanent full-time proper jobs with insecure labour, making it very hard for people to get a mortgage, very hard for them to plan for the future, and it is under your watch.

Mr DOMINIC PERROTTET: But not at all. What we are seeing is an increase in front-line staff, and I would suggest to you that you are focusing on the contingent labour which, sure, based on your figures—and I do not have them in front of me—I trust—

Mr DAVID SHOEBRIDGE: So what I am now going to ask you to do—

Mr DOMINIC PERROTTET: I trust your figures are correct in referring to the increase in contingent labour. But I say to you that you are comparing contingent labour going back to 2011 at a time when the Government was stagnant and was not embarking on anything.

Mr DAVID SHOEBRIDGE: Could I ask you to take two figures on notice? One is what is the current budget for contingent labour in the current financial year and what was the actual spend in the last financial year, and confirm the 1.4?

The CHAIR: Can you take that question on notice?

Mr DOMINIC PERROTTET: I will take both those questions on notice. Surely you see that in circumstances where the Government is embarking on a significant investment in infrastructure and has carried out since 2011 a range of transactions, the contingent labour costs over that time would have increased as well.

Mr DAVID SHOEBRIDGE: I note that is your answer. I do not have time for a prolonged ideological discussion about it, but I disagree with that proposition.

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Mr DOMINIC PERROTTET: The State Government is not a corporate law firm.

Mr DAVID SHOEBRIDGE: I just want to go to one further matter, and we may come back to this. Last year you said the new land tax, which is called the Fire and Emergency Services Levy, was dead, buried and cremated, but a matter of months later you went and spoke to representatives from the insurance industry and said that it was simply deferred and it was coming back. What is the truth? Is it dead, buried and cremated or is it coming back like a zombie tax after the election?

Mr DOMINIC PERROTTET: I am unsure of the reference that you are making. We made a commitment last year—I cannot remember the date now—

Mr DAVID SHOEBRIDGE: May last year. You said it was dead, buried and cremated.

Mr DOMINIC PERROTTET: We deferred the Fire and Emergency Services Levy and I said it was dead, buried and cremated. My view has been, as I said in last year's estimates to you—and I think that took up a significant portion of last year's estimates, by my recollection—that the lived experience of the Fire and Emergency Services Levy transfer was not what the Government intended. As a result, whilst our language was that we deferred it, our view was that—as I said at budget estimates—it is dead, buried and cremated and I do not believe it is fair. I do not believe the outcomes that came through when the data came through the modelling were fair. The Government, I believe, made the right decision at the time in respect of the Fire and Emergency Services Levy.

Mr DAVID SHOEBRIDGE: But a matter of months after you said to the public of New South Wales that it was dead, buried and cremated you went and met with the Insurance Council of Australia—we had this from them in the transcript of an upper House inquiry—and you said, "No, it is simply deferred." Do you understand how cynical the people of New South Wales get when you say to them it is dead, buried and cremated but you say to the Insurance Council of Australia it is simply deferred? Do you understand how that breeds cynicism in politics?

Mr DOMINIC PERROTTET: Not at all because I am not accepting the inference—

Mr DAVID SHOEBRIDGE: They said it on oath. So are you saying they lied?

Mr DOMINIC PERROTTET: The Government's statements in respect of the Fire and Emergency Services Levy in May last year was that we were deferring the Fire and Emergency Services Levy. You asked in budget estimates, and I think on a couple of other occasions when I have been publicly asked in respect of the Fire and Emergency Services Levy, and I have said it was dead, buried and cremated. The reality is if there was a way in which we could have a fairer system—I think this is certainly the philosophical approach we took to the Fire and Emergency Services Levy—I still do not believe the current system is fair.

Mr DAVID SHOEBRIDGE: So can you rule it out coming back like a big zombie tax, this dead, buried and cremated tax? It is going to come back like a zombie after the election, is it not? Tell the people of New South Wales that. Tell them now.

Mr DOMINIC PERROTTET: I have said on numerous occasions that the Fire and Emergency Services Levy is dead, buried and cremated.

Mr DAVID SHOEBRIDGE: But its hand is poking up out of the grave.

The Hon. SCOTT FARLOW: Point of order: Mr Shoebidge must let the Treasurer answer the question.

Mr DOMINIC PERROTTET: Mr Shoebidge, I am trying to answer the question to the best of my ability to give you the clear position of the New South Wales Government. We embarked on Fire and Emergency Services Levy reforms last year; we did that for the reason that we did not believe it was fair that only people who took out insurance pay for the work of fire and emergency services. I am sure you would agree with me that that is probably not the fairest approach to doing it.

Mr DAVID SHOEBRIDGE: Do not assume that.

Mr DOMINIC PERROTTET: Okay, I will not assume that. But from my perspective—

Mr DAVID SHOEBRIDGE: People who cannot afford insurance probably cannot afford to pay for the levy. We can disagree on that.

Mr DOMINIC PERROTTET: Okay, we will disagree on that. But at least from my perspective, I do not believe that that is fair. As a result, we went down a path to introduce a levy. I think it is very clear, and the

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Government made it very clear, that we did not believe the outcome or the lived experience of the reforms that we took were fair at all because of the data that came out and the increase in the tax that people would have to pay based on their property values. As a result, we made a commitment to defer the Fire and Emergency Services Levy. Treasury has worked well over the past 12 months to ensure that as we return to the Emergency Services Levy [ESL] we minimise any disputation associated with going back onto insurance premiums.

I have committed to it being dead, buried and cremated—that is true. That does not mean though that I believe the current system is fair. I do not think that only people who have insurance should pay for it, but there is no doubt under the reforms that we took that the Fire and Emergency Services Levy is dead, buried and cremated. I have said that numerous times. I said that last year and I think there has been an upper House inquiry into this recently and we had a member of Treasury attend that committee and give evidence on behalf of the New South Wales Government.

Mr DAVID SHOEBRIDGE: You said they were still doing modelling.

Mr DOMINIC PERROTTET: I can tell you, Mr Shoebridge, that it is dead, buried and cremated and the focus of Treasury over the last 12 months has been on what was a challenging issue, given the timing of the decision we made in May last year to revert back to the Emergency Services Levy being paid on insurance premiums in a way that did not have unintended consequences. Treasury has done a very good job on that and for that I want to thank it for its work.

The CHAIR: What is the Government's view in relation to the report on GST from the Commonwealth Productivity Commission and what impact do you think that report on GST will have on New South Wales?

Mr DOMINIC PERROTTET: We have always held the view in New South Wales, even reading Michael Egan's budget speeches back in the day—a great Treasurer, and I just wish the days of responsible Labor Party members was as relevant today as it was back then—that the GST should be distributed and moved towards a per capita basis. Having said that, we welcome the Productivity Commission's review of the GST distribution and we made a submission that the distribution be set at equalising the State average. The Productivity Commission agreed with us. The Commonwealth took a different view. Mr Chair, we believe that States should be rewarded, not penalised, for embarking on reform.

The New South Wales Government has embarked on a number of reforms in a range of areas and as a result we are penalised when it comes to the GST distribution. I get incredibly frustrated with States like Queensland, a Labor State, that has a policy of not recycling assets and that has its public service increasing at a greater rate than population, being subsidised by the taxpayers of New South Wales. They are only in surplus because of the coal industry and the royalties they receive, and the GST subsidised by the people of New South Wales. I do not believe that is fair.

I think if a federation is to become stronger and to grow and to become more competitive, we need to improve the incentives for States to reform and make better use of what they have and not to be penalised for embarking on that reform. That came out in the two Productivity Commission reports last year and one of them said exactly that. We welcomed the Productivity Commission's findings into GST. We were a bit disappointed with the position the Commonwealth Government took. Having said that we accepted its commitment that no State would be worse off.

Treasury has been working very closely with the Commonwealth Treasury with respect to the modelling on that basis, as I know all other State treasuries are. Hopefully, with recent events in Canberra, that situation is not held up and it is a seamless transition. I am sure the bureaucracies across the country will work closely to ensure that no State is worse off. That is a position I will take to our Cabinet at some stage in the future. I reiterate the point that I believe our country and our federation will be stronger in circumstances where States are not penalised for embarking on reform. The GST is a significant tool to assist in that process.

The CHAIR: Do you think the Commonwealth is punishing New South Wales because of its success economically?

Mr DOMINIC PERROTTET: I believe we have a role and a significant responsibility to the federation to provide extra support to States that do not have the revenue-raising capacity that we do in New South Wales. Whether that is the Northern Territory, which has significant challenges in respect of the remoteness and the Indigenous issues that occur in the Northern Territory that require extra support from the States and through the GST distribution. I have always been a strong supporter of that and so has the New South Wales Government. We do not believe that States that do not embark on reform should continue to get handouts from States that do the

CORRECTED

heavy lifting. My frustration is more with States such as Queensland that decide to shirk the tough reform and continue to get bailed out by States such as New South Wales.

The CHAIR: You recently announced you were forming the Board of Treasurers. What is the Board of Treasurers and what is its purpose?

Mr DOMINIC PERROTTET: We have the COAG Council on Federal Financial Relations [CFFR] for the Treasurers. It became very clear to me early on that a lot of the matters that get on to the CFFR or COAG agendas are driven by the Commonwealth and what we generally have is a fight between the State Treasurers and the Commonwealth Treasurer, and there is not much work that occurs outside of that process. I think the States have a real responsibility to improve the federation by preparing and developing their own policy ideas and working together. The reality is that I have more in common as a Treasurer in New South Wales with the constituency that I am entrusted to look after with Tim Pallas, the Labor Victorian Treasurer, than I have with Josh Frydenberg, the Commonwealth Treasurer.

Regardless of political colour we should be working together more to embark on policy objectives and development and then together as State Treasurers put policies to the Commonwealth Treasurer. I have obviously spoken at length with Scott Morrison. I recently was at a conference with the shadow Treasurer, Chris Bowen, who is supportive of the concept. Whether it is Labor or Liberal he sees it as an opportunity for the States, outside the CFFR process, to work together on areas of reform. We have met numerous times. At the last meeting we had our Productivity Commissioner in New South Wales address the Board of Treasurers.

We are working on a range of matters, including mutual recognition where States can work together and share information, which is important as well. Let us take Service NSW, a great success in the New South Wales Government. Why should we not share that information with other States and Territories? There are ways that we do things and we should share that know-how. Whilst New South Wales is clearly the leader when it comes to reform and the way to do things for efficient and effective government, there is no doubt that we can learn from other States and I see that as an important part of the Board of Treasurers going forward.

The CHAIR: Were all the other State Treasurers enthusiastic about your proposal, including the Labor Treasurers?

Mr DOMINIC PERROTTET: It would have been pretty difficult for a Labor Treasurer to develop the Board of Treasurers at a time when there was a Federal Liberal Treasurer, given the politics that generally get played. I think what is important is to put politics aside and work together. At the outset I said I have more in common with Tim Pallas than issues at a Federal level facing the national government and regardless of who is in Government we have an obligation to work together to get better outcomes for our citizens. More importantly than that, it is about time the States took a leading role in the development of our federation rather than having it driven at a Commonwealth level. I believe working together as States and Territories, and we will not always agree—we are never going to agree on the GST—but that does not mean we should not be working together and looking for opportunities at a State and national level to drive reform going forward.

The CHAIR: Treasurer, you have established what is called the NSW Generations Fund. What is the purpose of that fund and how will it work?

Mr DOMINIC PERROTTET: We are generally used to a cycle at a Federal level where the Liberal Government gets in, fixes up Labor's mess, Labor comes in and not very long later it has racked up the debt and deficit follows. When I first became Treasurer I caught up with former Federal Treasurer Peter Costello and talked about the Future Fund and the benefits of that. The Federal Government is focused on unfunded superannuation liabilities, but where are the opportunities at a State level to invest in a fund like this?

Returning to the earlier question on GST and the change that the Federal Government has most recently made, if the Western Australians at the height of the mining boom had established a sovereign wealth fund, like we established in New South Wales in the recent budget, it potentially would not have the issues that have arisen today when their GST distribution has gone down to less than 30¢ in the dollar. At the moment in New South Wales we are in a strong financial position. It is hard for our opponents to understand this, but it is not necessarily about winning elections: We want to win elections because we believe that our view, our strong financial management, delivers better outcomes for the people of this State. We have an obligation not just to deliver today but to deliver for the next generations and I want to make sure, particularly as infrastructure investment rolls out, that our debt position remains under control. We have a negative net debt position in New South Wales at the moment.

The Hon. JOHN GRAHAM: Treasurer, I have a question on another topic.

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Mr DOMINIC PERROTTET: I will just finish this. I want to make sure that future generations are not saddled with debt. First, we have seeded the Generations Fund with \$3 billion. Secondly, the equity of WestConnex is connected to that too. The 49 per cent distribution will go into the Generations Fund and, as part of the legislation, any windfall tax revenue. It is also the first sovereign wealth fund of its kind that has a dual purpose.

The Hon. JOHN GRAHAM: Treasurer, can I confirm that the Jobs for NSW program is required to abide by the New South Wales Government's competitive neutrality policy?

Mr DOMINIC PERROTTET: It is a matter for the Minister for Trade and Industry.

The Hon. JOHN GRAHAM: To make you more comfortable, because it is not a trick question, Jobs for NSW says:

Businesses supported by Jobs for NSW must follow the same rules and regulations as other businesses ... and we abide by the NSW Government's application of competitive neutrality policy—

Mr DOMINIC PERROTTET: I take your word for it.

The Hon. JOHN GRAHAM: Which is administered by the Treasurer.

Mr DOMINIC PERROTTET: Yes.

The Hon. JOHN GRAHAM: Following \$3.3 million of taxpayer's money being invested in Australia's Oyster Coast, this is what New South Wales oyster farmers had to say:

Our tax dollars are now being used against us—basically we're funding a big corporation to take business away from us.

... one potential conflict arises from the fact the Department of Industry runs the tender process ...

The tender will go to the person who puts up the most money. You now have a company that has millions behind it that can outprice everybody.

Those are the views of oyster farmers. Do you have concerns, or does Treasury have concerns, that such an investment by Jobs for NSW is in breach of that competitive neutrality policy that you administer?

Mr DOMINIC PERROTTET: I do believe it is probably a more relevant question to the Minister for Trade and Industry. Having said that, I am happy to take that on notice.

The Hon. JOHN GRAHAM: Oyster farmers with concerns can appeal this decision including to the Independent Pricing and Regulatory Tribunal [IPART]. Would you support IPART taking a look at this decision and how it interacts?

Mr DOMINIC PERROTTET: I will take that on notice. The issue you are raising is new material to me. I will consider that and I am happy to come back to you and give you a more substantive response.

The Hon. JOHN GRAHAM: I appreciate that response. It goes to the heart of this issue that public funds should not be used to drive private firms out of business. That is at the heart of the policy you administer. It seems it is being breached here.

Mr DOMINIC PERROTTET: Yes. Mr Graham, I am happy to take that on notice and give you a substantive response. The point of Jobs for NSW is to help drive investment and to help businesses get off the ground. My view, as a small Government Liberal is that we should be getting out of the way as much as possible and allowing—

The Hon. DANIEL MOOKHEY: Have you told the big Government Nationals who gave \$3.5 million?

Mr DOMINIC PERROTTET: We are in a very happy marriage, Mr Mookhey.

The Hon. JOHN GRAHAM: That is the point, though, is it not?

Mr DOMINIC PERROTTET: My view, Mr Graham, has always been that we should have limited government—that does not mean we are not engaged, involved to help facilitate, whether it is cutting taxes in certain areas or encouraging investment in regional New South Wales, inviting incentives. Jobs for NSW is doing a lot of that work. In fact, just the other day we were going through some further opportunities—

The Hon. JOHN GRAHAM: These small businesses are saying, "We are being pushed out of business by public funds"—

Mr DOMINIC PERROTTET: Yes.

CORRECTED

The Hon. JOHN GRAHAM: That is what competitive neutrality is about. That is what your policy talks about.

Mr DOMINIC PERROTTET: I am more than happy to take that on notice if those are the concerns. What was the industry?

The Hon. JOHN GRAHAM: The South Coast oyster industry.

Mr DOMINIC PERROTTET: You are saying that Jobs for NSW is going in there and propping up one player in the market as opposed to others who are in that space and they are being penalised and potentially are in a uncompetitive—

The Hon. JOHN GRAHAM: Correct, with public funds.

Mr DOMINIC PERROTTET: Okay. I am more than happy to take that on notice. To be completely constructive, I think that is an important role that Treasury should play to ensure there is a level playing field. I do not have the recording of what you read out in relation to Jobs for NSW.

The Hon. JOHN GRAHAM: Understood.

Mr DOMINIC PERROTTET: I accept that that is the case. That should be adhered to.

The Hon. JOHN GRAHAM: I appreciate that answer. I think that is the answer of any sensible Treasurer.

Mr DOMINIC PERROTTET: I will look into it and I will give you a substantive response in whatever time period we have to respond by.

The Hon. JOHN GRAHAM: I want to ask now about stadiums. The Sydney Cricket and Sports Ground Trust has said it will borrow money from the Government to pay for the \$300 million business disruption costs involved in the demolition and rebuilding of the Sydney Football Stadium. Have you approved a loan relating to those business demolition costs?

Mr DOMINIC PERROTTET: I will pass to the Treasury Secretary to give the details in relation to that.

Mr PRATT: As Secretary, I have approved an overall facility to the trust. Each component of that facility has to come back to me for individual approval.

The Hon. JOHN GRAHAM: And that would specifically cover those business disruption costs?

Mr PRATT: That is correct.

The Hon. JOHN GRAHAM: Do you have a final amount for those business disruption costs?

Mr PRATT: No, I do not have that yet.

The Hon. JOHN GRAHAM: Do you have a timing for when you expect it?

Mr PRATT: No, I do not.

The Hon. JOHN GRAHAM: It is has been put that it is of the order of \$315 million. Is that about—

Mr PRATT: That is correct. I do not have the absolute number, but directionally it is around that number, yes. I can take it on notice and give you the exact number.

The Hon. JOHN GRAHAM: That would be appreciated. What is the size of the facility?

Mr PRATT: In total, if it was fully drawn, it would be around that number that you have mentioned. At this point though, as I have said, they have a requirement to come back to me to draw any of those components, which I do not have yet.

The Hon. JOHN GRAHAM: If the Sydney Cricket and Sports Ground Trust takes out such a loan, is such a loan made at a commercial rate?

Mr PRATT: It will be borrowed at government rates, so it will be done through TCorp. Therefore, there is some implied discount because of our triple-A rating, borrowed through TCorp.

The Hon. JOHN GRAHAM: Yes, understood. If a New South Wales government agency such as the Sydney Cricket and Sports Ground Trust cannot meet its loan repayments, what happens? Do we end up forgiving the loan and it becomes a grant?

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Mr PRATT: The facilities we are approving have been tested in respect of serviceability and the revenue generated from those. That has been through good Treasury process, so we are confident that those loan commitments can be met.

The Hon. JOHN GRAHAM: Tony Shepherd, in evidence to the parliamentary inquiry, indicated the amount would be much lower than the \$315 million. I forget his exact words, but you are saying it is more accurately characterised as around that number?

Mr PRATT: In respect of total approval, that is correct. Tony Shepherd is a commercial businessman and he would prefer that that facility drawing be much lower than that amount. That is the process we are in right now.

The Hon. JOHN GRAHAM: When Treasury looked at the benefit-cost ratio for the stadium, did it take account of those business disruption costs? Were they in or out for the benefit-cost ratio calculations?

Mr PRATT: I would have to take that on notice.

The Hon. JOHN GRAHAM: Treasurer, I would like to raise an issue about the last timber bridge in Brewarrina shire. It is being replaced at a cost of \$4.2 million. The Commonwealth is prepared to pay half. Its replacement would be a big boost for grain freight in northern New South Wales. It has a benefit-cost ratio of 1.7. Their application for State government funding has been declined. The concern was that some of the benefit accrued to Queenslanders. Is it true that border towns are having their benefit reduced in the benefit-cost ratio calculation?

Mr DOMINIC PERROTTET: Not that I am aware. This is Brewarrina, is it?

The Hon. JOHN GRAHAM: This is Brewarrina shire.

Mr DOMINIC PERROTTET: Yes. I am happy to take that on notice. I would be very surprised if that were the case. I am not sure, and I am more than happy to look into the process that occurred in respect of why that request for funds—I think we have had a very constructive relationship with the Commonwealth Government in respect of both jurisdictions putting in investment for capital programs, both in metropolitan Sydney and—

The Hon. JOHN GRAHAM: I appreciate you taking the principal question on notice. I wonder whether your officials have any guidance on whether or not that is the case?

Mr DOMINIC PERROTTET: I doubt that.

Ms McLIESH: I can add briefly. Our cost-benefit guidelines that were released in March 2017 make clear that cost-benefit analysis can include analysis of local and multi-jurisdictional impacts. Cross-jurisdictional benefits can be included. The guidelines require agencies to identify an essential estimate that shows cost and benefits accruing in New South Wales, as well as separate results that show any interstate costs and benefits as well so that decision-makers have the full picture of benefits and where they flow in making funding decisions.

The Hon. JOHN GRAHAM: We might pursue that on notice. I will also indicate that councils such as Albury have raised similar concerns. In fact it had to apply for information under the Government Information (Public Access) Act to find out what the ratio was. I appreciate you taking that on notice.

The Hon. JOHN GRAHAM: We might pursue that on notice. I will also indicate that councils such as Albury have raised similar concerns. In fact, they had to GIPA Government information to find out the ratio. I appreciate you taking that on notice.

Mr DOMINIC PERROTTET: The other issue is that a lot of these projects—and you can have your pure financial and economic view in respect of BCRs—but at the same time when it comes to some of these regional communities that is why we have worked really hard through the Restart funding to make sure that 30 per cent of those projects go into regional New South Wales. Those projects need to have a BCR, as you would be aware, of Restart of greater than one. Having said that, we have invested significant amounts outside of Restart in regional communities. At the same time, you do need that rigour to make sure that governments, in my view—whatever the colour is—that in the investments that are made there is that strong financial rigour around ensuring that those projects derive economic benefits going forward.

The Hon. JOHN GRAHAM: I am glad you have made that point, Treasurer, because I want to ask about the Treasury guidelines for the cost-benefit analysis for stadium investments. It calls for realistic assumptions about the potential to attract major new events to New South Wales. It warns about the honeymoon effect. It means that these will decline once the initial novelty of the facility fades. That is the Treasury view.

CORRECTED

Mr DOMINIC PERROTTET: What is that in connection to?

The Hon. JOHN GRAHAM: That is in the Treasury guidelines for cost-benefit analysis for stadium investments. When it came to the business case for the Sydney Football Stadium, it assumes 16 extra blockbuster events each year.

Mr DOMINIC PERROTTET: Right.

The Hon. JOHN GRAHAM: That business case reveals that in 2015 there were only six events of that blockbuster size and in 2017 there were only nine. Now we are hoping for an extra 16 each year. What is your view about that assumption? How many extra times will we get the Rolling Stones to play at the Sydney Football Stadium?

Mr DOMINIC PERROTTET: I am not a fan of the Rolling Stones so hopefully we will branch out a little bit further than the Rolling Stones.

The Hon. JOHN GRAHAM: So "not very often" is the answer? How many extra times? How realistic is 16 extra events?

Mr DOMINIC PERROTTET: The reality is for the Sydney Football Stadium, the Moore Park facility, we have set aside capital of \$729 million in this year's budget. My view is that Sydney is a world-class city and it deserves world-class facilities.

The Hon. JOHN GRAHAM: I accept that is your view. I am asking about the business case though.

Mr DOMINIC PERROTTET: We have committed the business—

The Hon. JOHN GRAHAM: I will provide another example. Profit from food and beverage is expected to more than double per patron. This business case assumes football fans will eat at least twice as many pies. How realistic is that?

Mr DOMINIC PERROTTET: It is important when we are investing significant amounts of money—

The Hon. JOHN GRAHAM: Yes, \$729 million.

Mr DOMINIC PERROTTET: Significant amounts of money in infrastructure across the State. It is \$87 billion over the next four years, whether that is road, rail, schools and hospitals. There is an important other attribute of that for a world-class city and that is cultural institutions. I make no apology being the Treasurer of the State because the attitude that members in the Labor Party have taken to our cultural infrastructure investment has been "It is all too hard" and they keep talking down our State as if it is a second-rate place to live.

The Hon. JOHN GRAHAM: Let me ask you this, though, because this is an important question for the public.

The CHAIR: Let the Treasurer finish his answer.

The Hon. JOHN GRAHAM: I just want to move onto a different—

The CHAIR: I know you want to. The Treasurer has to answer the question.

The Hon. SCOTT FARLOW: Point of order: It is quite extraordinary as the Hon. John Graham is canvassing your rulings and completely disobeying them.

Mr DOMINIC PERROTTET: I have come today with members of Treasury. We treat this Committee with the utmost respect and, as a result, in light of the questioning that has occurred today I am trying to give greater perspective to the questions that are asked so that the people New South Wales have on the record the Government's intention and its plans for the future. Unlike those opposite in the Labor Party, we want to make sure that our city and our State has world-class facilities. Yes, there is no doubt; you can run lines about schools and hospitals. But I will say that this Government is about schools, hospitals, stadiums, cultural facilities, roads and rail. If members look at every single corner of our infrastructure investment we have significantly increased our investment from the days when those opposite were in government.

The Hon. JOHN GRAHAM: Treasurer, I appreciate that. I will now ask about one of those specific investments.

Mr DOMINIC PERROTTET: We accept the benefit-cost ratio in relation to the Sydney Football Stadium. In respect of that project we have done the work with the business case. What is most important is that at the end of this process the State of New South Wales will have world-class stadia.

CORRECTED

The Hon. JOHN GRAHAM: My question is: What does it mean for the public—

The CHAIR: The Minister is finishing his answer.

Mr DOMINIC PERROTTET: We want our city to go from good to great.

The Hon. JOHN GRAHAM: I accept your position.

Mr DOMINIC PERROTTET: We want to have the best facilities in the world. That is what the people of New South Wales want.

The Hon. JOHN GRAHAM: This is budget estimates. I have a specific question to put to you. I accept your position. The public wants to know this after \$729 million, plus the business disruption costs, will there be more general admission seating for the public, the same general admission seating for the public or less general admission seating for the public?

Mr DOMINIC PERROTTET: For \$729 million you will have a world-class stadium.

The Hon. JOHN GRAHAM: With less general admission seating for the public? Is that correct?

Mr DOMINIC PERROTTET: With world-class facilities, which has the occupational health and safety issues resolved. It will have enough toilets for women, which are currently not in place today.

The Hon. JOHN GRAHAM: Do you accept there will be less general admission seating?

Mr DOMINIC PERROTTET: In years to come people will look back at this Government's decision to invest record amounts in quality, world-class stadium infrastructure and see the benefits of a government that had vision as opposed to an Opposition that played the politics of every decision, every single day. The reality is you talk about stadiums before schools and hospitals, but every single transaction that this Government has embarked on to allow the investment in schools and hospitals has been opposed by the Labor Party.

The Hon. JOHN GRAHAM: Treasurer, you have made that point. I want to ask you—

Mr DOMINIC PERROTTET: Every single measure for fiscal discipline that the Government has made has been opposed by the Labor Party. I was told this morning that the Minister for Finance was in this body in estimates and was asked questions about property utilisation.

The Hon. JOHN GRAHAM: I accept your answer. Can we move on?

Mr DOMINIC PERROTTET: Property utilisation that allows the State of New South Wales—

The Hon. JOHN GRAHAM: Treasurer, you have moved on to another area.

The CHAIR: Please allow the Treasurer to finish his answer. You have opened up a Pandora's box.

The Hon. DANIEL MOOKHEY: Point of order: The Minister is now trying to contribute to Finance estimates. This is Treasury estimates. He has been asked a specific question about Treasury. He would do well for his own reputation if he were to consider answering questions relating to Treasury, given that this Committee has already completed the estimates in respect of finance.

The Hon. JOHN GRAHAM: To the point of order: I do not want to badger the Treasurer, who is entitled to be generally relevant, but I am also entitled to ask questions. It is up to me to determine when I want to ask a new question, not the Treasurer. I respectfully want to move on. I ask to be allowed to do so.

Mr DOMINIC PERROTTET: Can I finish my answer?

The CHAIR: Yes.

Mr DOMINIC PERROTTET: My point goes to the proposition in the question of the Hon. John Graham, which is in relation to the benefit to the people of New South Wales from this Government's investment in cultural infrastructure—in your instance, stadiums. I am suggesting that this Government will invest record amounts—\$87 billion—in infrastructure over the next four years. That is 170 new and upgraded schools and 40 new and upgraded hospitals. We would not be able to do that but for our strong fiscal management and our asset recycling initiatives of which in the Department of Finance estimates this morning once again the Hon. John Graham demonstrated Labor's view of not recycling assets.

The Hon. JOHN GRAHAM: I want to ask about that \$87 billion. How much of that spending last year—

Mr DOMINIC PERROTTET: Which spending?

CORRECTED

The Hon. JOHN GRAHAM: How much of that infrastructure spending in regional areas last year was on sporting infrastructure?

Mr DOMINIC PERROTTET: Infrastructure spending?

The Hon. JOHN GRAHAM: How much sporting infrastructure money was spent in regional areas last year?

Mr DOMINIC PERROTTET: I will take the exact figure on notice. As you would be aware, as part of Restart NSW—

The Hon. JOHN GRAHAM: I appreciate that. I will provide the figure that the Office of Sport has provided to the Parliament.

Mr DOMINIC PERROTTET: Why ask me the question if you have the answer?

The Hon. JOHN GRAHAM: It was \$15 million last year, funding 114 rural and regional projects. I will tell you why I am asking the question. You spent \$2.3 billion on stadiums in the city and \$15 million in regional areas, including Newcastle and Wollongong last year. Do you think that is a fair allocation?

Mr DOMINIC PERROTTET: I will tell you what I think is fair.

The CHAIR: You have to ask: Is that correct?

Mr DOMINIC PERROTTET: I will tell you what I think is fair. I think what is fair is investing record amounts of infrastructure across the State of New South Wales. The 30 per cent—

The Hon. JOHN GRAHAM: It is where it is being invested.

Mr DOMINIC PERROTTET: Mr Chair, I am trying to finish.

The CHAIR: You have asked for a comparison between country and regional. He has given you the answer.

The Hon. JOHN GRAHAM: I think that is fair, Mr Chair.

Mr DOMINIC PERROTTET: What has come through this estimates inquiry at the moment is that the Labor Party is not getting the answers it likes and it is not happy about it.

The Hon. ADAM SEARLE: They are not getting the answers to the questions.

Mr DOMINIC PERROTTET: I am trying to answer the questions the best way I can.

The Hon. DANIEL MOOKHEY: Keep trying.

Mr DOMINIC PERROTTET: Mr Mookhey, the proposition in the question was a view that, arguably, we are not investing in regional New South Wales when the exact opposite is true. Never before has a State been able to invest in regional New South Wales at record amounts.

The Hon. JOHN GRAHAM: Last year it was \$15 billion, the year before that it was lower and the year before that it was lower again.

Mr DOMINIC PERROTTET: Thirty per cent of the Restart NSW funds are invested in regional New South Wales. Never before have we seen regional New South Wales turbocharged with infrastructure like we are seeing today. I find it very rich from—

The Hon. JOHN GRAHAM: The Auditor says that money is not being spent.

Mr DOMINIC PERROTTET: That is incorrect, because around 30 per cent is in regional New South Wales. I will get the exact figure and I will take my own question on notice.

The CHAIR: Take that on notice so you get the exact figure.

Mr DOMINIC PERROTTET: I will take my own question on notice and come back to you. Of the \$87 billion infrastructure investment over the next four years close to 30 per cent—a significant percentage of that—is in regional New South Wales. It would be remiss of me not to finish the answer to the question by raising this because it is crucial to infrastructure. But in the whole of Labor's last term in office only \$22.8 billion was invested in schools, hospitals and transport. In our latest budget we announced \$65.5 billion in schools, hospitals and transport. That is three times Labor's record. Our investment in health infrastructure compared to Labor has

CORRECTED

tripled from \$2.5 billion to \$7.4 billion. Our investment in vital transport infrastructure has more than tripled from \$15.7 billion to \$51.2 billion.

Our investment in education infrastructure has increased by almost 50 per cent from \$4.6 billion to \$6.8 billion. This has occurred only because we manage money well. We make better use of our assets and we are able to invest record amounts in infrastructure, whether it is in metropolitan Sydney, Western Sydney or regional New South Wales. To Mr Graham I say that you cannot oppose the transactions, the measures for financial management and what we have done to get the budget back in surplus and then come into budget estimates and raise questions about regional investment when regional New South Wales has never had such a record amount invested in sport infrastructure, cultural infrastructure, roads, rail, schools and hospitals.

Mr JUSTIN FIELD: Point of order—

Mr DOMINIC PERROTTET: I am proud to be a Treasurer who has been part of a government that has made the tough decisions that led to record amounts of that infrastructure.

Mr JUSTIN FIELD: Point of order—.

The CHAIR: We will move on to Mr Justin Field.

Mr JUSTIN FIELD: Treasurer, for the past three years The Greens have asked the Treasurer a common question, once of you and once of the Premier when she was Treasurer. I will ask you again today.

Mr DOMINIC PERROTTET: Did you ask me last time?

Mr JUSTIN FIELD: Has Treasury undertaken any modelling on the impacts of climate change on future New South Wales budgets?

Mr DOMINIC PERROTTET: Welcome back, Mr Field.

Mr JUSTIN FIELD: You too.

Mr DOMINIC PERROTTET: After Mr Shoebridge, you are my favourite member of The Greens in the Parliament.

Mr JUSTIN FIELD: It is a small pool to choose from.

Mr DOMINIC PERROTTET: I enjoy the—

Mr DAVID SHOEBRIDGE: We are all up on your dartboard.

Mr DOMINIC PERROTTET: At least The Greens, with respect—

Mr JUSTIN FIELD: We ask questions about climate change.

Mr DOMINIC PERROTTET: I will get to climate change because it is quite relevant.

The Hon. DANIEL MOOKHEY: It seems as though he would like to change the climate now.

Mr DOMINIC PERROTTET: At least The Greens believe in something. In 20 years time—

Mr JUSTIN FIELD: Are you suggesting that climate change is a matter of belief, Treasurer?

Mr DOMINIC PERROTTET: No. If the New South Wales Government needs to form a coalition in 20 years time, I would much prefer to form a coalition with The Greens than I would with the Labor Party.

Mr DAVID SHOEBRIDGE: Point of order: No, it will not happen. This is way out of order.

Mr DOMINIC PERROTTET: I know Mr Shoebridge would as well.

Mr DAVID SHOEBRIDGE: It is dead wrong. You are talking about matters that are not within cooe of budget estimates.

Mr DOMINIC PERROTTET: At least The Greens come into budget estimates and they believe in something, unlike the Labor Party which puts its principles at the door and puts politics before people. We might disagree on a number of things but you would be happy with our budget announcements.

Mr JUSTIN FIELD: Any modelling at all, Treasurer?

The Hon. DANIEL MOOKHEY: He is modelling coalitions; he is not modelling climate change.

CORRECTED

Mr DOMINIC PERROTTET: I am getting there; give me a little more leeway. You would have been happy with our budget announcement about the investment in national parks. I am very much looking forward to getting an invitation for The Greens bushwalking group, which I hope I can join.

The Hon. SCOTT FARLOW: David wanted me to start one up for the Liberals.

Mr DOMINIC PERROTTET: Can I get an invitation?

Mr DAVID SHOEBRIDGE: Next time we are in your patch, I will give you a direct invitation.

Mr JUSTIN FIELD: Climate change, Treasurer.

Mr DOMINIC PERROTTET: Thank you, back to climate change.

The CHAIR: Are you taking The Greens question on notice or will you answer it?

Mr JUSTIN FIELD: Good try.

Mr DOMINIC PERROTTET: We will do it on the bushwalk, but in the meantime, my remit and my focus is not on climate change modelling. The best thing we can do for the environment or for the effects of climate change going forward from a Treasury perspective—the perspective I take will be different from the Minister for the Environment or other Ministers across the board—is to make sure we are in the strongest financial position possible to allow the Government to invest in the areas where it is needed. I guess you would say that the issues of the drought at the moment are connected to climate change.

Mr JUSTIN FIELD: Treasurer, I was not asking about climate change forecasting or modelling; I was asking about budget forecasting and modelling. Has any analysis or any modelling been done on the potential impacts on the State's budget as a result of climate change?

Mr DOMINIC PERROTTET: My remit is not climate change modelling.

Mr JUSTIN FIELD: Coal revenue declining, drought relief expenditure, water supply challenges and energy changes. Do I need to go on about the issues that will have a material impact on the State's budget if we do not respond to climate change? Surely that has been factored into budget planning.

Mr DOMINIC PERROTTET: That is why we run a strong financial position in New South Wales. When issues like the drought arise, not only are we in a position to talk about ideas, or climate change or the environment, but also we are in a financial position to deliver record amounts. When we had issues of the drought one of the first aspects is that we were the first State to act quickly and swiftly to put a \$500 million plan together. We were able to do that only because of our strong financial management—whether it is through the Climate Change Fund that we established; Labor established it and we are continuing it—and we are investing in those areas. We made an announcement recently and I can go into the detail of that if you like. But at the end of the day we are investing record amounts in the environment, in protecting against the issues relating to a changing climate, particularly areas of drought. That \$500 million package is something that we could do because of the strong financial management.

Mr JUSTIN FIELD: You are suggesting that the contribution that was made in drought relief was as a result of climate change impacts on regional New South Wales?

Mr DOMINIC PERROTTET: No, it was as a result of the drought.

Mr JUSTIN FIELD: I am asking about climate change and you are talking about drought funding I am assuming that you are linking the two.

Mr DOMINIC PERROTTET: I am suggesting that the climate is changing. The States—like they always have—and governments here or around the world need to make sure that they are in a strong financial position to be able to invest where it matters. This is why I said that I would prefer to be in coalition with the Greens because—

Mr JUSTIN FIELD: Three years on we still have no modelling—

Mr DOMINIC PERROTTET: Your friends down the end of the table will talk to you and say all the right things but at the end of the day they will never have the books in a strong financial position to be able to invest in the things that manner. The reality is that as the climate does change, whether it is our farmers embarking on drought, whether it is floods or the like that occur, State governments need to be ready to respond. If we are not in a position to financially invest where it matters it is all for naught. That is why my remit is to make sure that the State's finances are in a position to inoculate us and protect us from unseen events now and in the future.

CORRECTED

Mr JUSTIN FIELD: The Australian Securities and Investments Commission Commissioner has warned company directors—and this is based on leading advice or legal opinion—that they may face lawsuits for failing to consider risks related to climate change. The advice provided that directors not addressing climate change risks today could be found liable for breaching their duty of care in the future. Do you, as Treasurer, have a similar duty of care to what company directors do in considering the risks and opportunities to the budget outlook as a result of climate change?

Mr DOMINIC PERROTTET: I have a duty of care to the people of New South Wales. I have a duty of care to taxpayers. I have a duty of care to make sure that our State is run as efficiently and effectively as possible, that throughout the year I maintain strong discipline around our State's finances and that we project issues that may come our way in the future. We run surpluses not for the sake of it. We had a \$3.9 billion surplus as a revised figure in last year's budget. We have surpluses averaging \$1.6 billion a year over the next four years. We run surpluses so that if there are unforeseen issues down the track we are ready to act. You cannot do that if you are not in a strong financial position.

Mr JUSTIN FIELD: Treasurer, we will move on. I take the point.

Mr DOMINIC PERROTTET: But do you accept the point?

Mr JUSTIN FIELD: You are repeating your point so there is not much use repeating it again. It is your position. I have asked the question. I am happy to leave it there. I would like to move on to poker machines.

Mr DOMINIC PERROTTET: Can I just clarify, would you prefer—

Mr JUSTIN FIELD: Who is asking the questions, Chair?

The CHAIR: He is answering your question.

Mr DOMINIC PERROTTET: Would you prefer the Labor Party approach of talking about these issues but running deficits or—

Mr JUSTIN FIELD: I think we have moved well and truly past the question I have asked.

Mr DOMINIC PERROTTET: —our approach of strong financial management and being able to make record investment?

Mr JUSTIN FIELD: I would like to move on to another question, please.

The CHAIR: Mr Field may ask his question.

Mr JUSTIN FIELD: I would like to move on to gaming machine revenue. Treasury has provided forecasts out to the forward estimates on expected gaming machine revenue. The page labelled "Analytical Model" goes through the base estimates of gaming machine revenue for hotels and clubs.

Mr DOMINIC PERROTTET: Sorry, where are you reading from?

Mr JUSTIN FIELD: I am reading from a budget estimates paper. I am happy to pass it to you to review, but it is titled "Analytical Model" and outlines the base assumptions on which gaming machine taxes have been determined. I am happy to table this document or pass it on.

The CHAIR: Just hand it to the secretariat to show the Treasurer.

Mr JUSTIN FIELD: Assumptions are made that the new leasing arrangements for gaming machines will lead to an increase in profits for both hotels and clubs of a factor that is listed and that I have highlighted. Did Treasury prepare that document and on what assumptions were those forecasts for the impact of the new leasing arrangements made?

Mr DOMINIC PERROTTET: We will take it on notice.

Mr JUSTIN FIELD: What would be the normal process for coming up with those assumptions? Would that be on advice from Liquor and Gaming NSW or is that something that Treasury models itself?

Mr DOMINIC PERROTTET: I want to give you the best answer possible.

The CHAIR: Does it have the name of any authority on the document?

Mr JUSTIN FIELD: They are Treasury documents.

CORRECTED

Mr DOMINIC PERROTTET: To be frank to the Committee, I feel a little uncomfortable responding to a document that has just been handed to me but, in order to give the best answer possible, I will take it on notice and come back to you.

Mr JUSTIN FIELD: It comes straight out of the call for papers documents. I am happy to liaise with your office to show you exactly where that has come from. The questions specifically are: How would those assumptions be arrived at and who would normally produce them? Could you or your senior staff provide an answer now about the normal practice for how these assumptions are arrived at and whether you get that advice from Liquor and Gaming NSW or it is prepared in-house in Treasury?

Mr DOMINIC PERROTTET: With respect, it is a niche area in gaming machine leasing policy. Whilst I very much respect your concern—

Mr JUSTIN FIELD: The gaming Minister just suggested that I ask you.

Mr DOMINIC PERROTTET: He is at estimates right now?

Mr JUSTIN FIELD: Right next door.

Mr DOMINIC PERROTTET: Good on him. That is very helpful of Mr Toole.

Mr JUSTIN FIELD: I thought it might be.

The Hon. DANIEL MOOKHEY: A happy marriage.

Mr DOMINIC PERROTTET: A happy marriage, as we say. I will make this point: I do very much respect your concern in this space. I will check that modelling. I will take it on notice and I will come back to you.

The CHAIR: Earlier I asked you a question about the NSW Generations Fund and you gave a good answer to that. Apparently you have appointed Glenn Stevens as chair of that fund. What special qualifications does he have or what do you feel he will add as chair of that fund?

Mr DOMINIC PERROTTET: I think it is incredibly important that you get the right team when dealing with such a substantial reform. I really think that the Generations Fund will grow over time and have a significant impact for future generations. Also the My Community Dividend, which comes off the back of the Generations Fund, will lead to the investment of money in communities across New South Wales. I think a lot of the time local communities are better placed than people on Macquarie Street to make decisions about what is important to their communities. The My Community Dividend is an innovative aspect of the Generations Fund, but that is obviously going to take some time to set up and we want to make sure we get it right. As a result, I have appointed former Reserve Bank Governor Mr Glenn Stevens to chair the Generations Fund. We have already had our inaugural meeting.

The other members of the board are Treasury Secretary Michael Pratt, Secretary of the Department of Premier and Cabinet Tim Reardon as well as Nicholas Johnson and Lisa McIntyre, who has been involved in icare as well. It is a very high-calibre board. We had our first meeting recently. One of the things that Peter Costello raised with me when we were setting out to establish the Generations Fund or the sovereign wealth fund was that the biggest risk you have—and this is not directed to Labor or Liberal—is future governments trying to raid that fund when pressures occur. It is important we triple lock it and have a governance structure in place that ensures that the fund grows, that the investments in the fund are well allocated and, importantly, that those funds are protected now and into the future.

The CHAIR: Do you normally attend the Council of Australian Governments [COAG] with the Premier?

Mr DOMINIC PERROTTET: No, going to the Council on Federal Financial Relations [CFFR] is probably enough. But I have now established the Board of Treasurers and any positions that we take to those COAG-style committee meetings we take to Cabinet for clearance.

The CHAIR: One of my concerns is whether there could be some conflict between your Board of Treasurers and the decisions COAG makes. How do you rationalise that?

Mr DOMINIC PERROTTET: That is a good question. I think they are complementary. There is actually already a board, I do not know how frequently it meets, which is of First Ministers or Premiers which is separate to COAG. At COAG you have the Commonwealth meeting with the States. I will take it on notice, but my understanding is a board was established some time ago of Premiers and Chief Ministers. But, as I said earlier, I really believe this board is complementary to and not in competition with the COAG process. Rather, it works

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outside the COAG process to generate policy ideas and to get State treasuries working together a lot more and dealing with issues at a Commonwealth level.

The reality is whether it is a Labor or Liberal government in Canberra, the same bureaucrats are in place. They come up with their ingenious ideas, rock up to COAG and enforce them on the States. A lot of the time the States are not in a strong enough position to coordinate outside of that. With the Board of Treasurers, we have already seen greater consulting and a stronger common position, with Labor and Liberal State Treasurers working together to get better outcomes for their States and Territories. I think that is a very positive thing. Aside from the COAG agenda, we have an obligation to put policies up together. If the Board of Treasurers has come up with some policy development on ideas on reform that we can work together and hopefully the Commonwealth can play a part in doing it, the onus is on us for a stronger federation to put those positions on the table at CFFR. How I envisage it to work, that is something that we would take through Cabinet, if there was a policy position, but we would put those agenda items on the COAG agenda, from the State Board of Treasurers' position.

The CHAIR: Moving onto another area where, again, I sense there may be some conflict in the future. You have now set up a NSW Productivity Commission and there is a Commonwealth one. How do you see those two commissions working in cooperation and not in conflict?

Mr DOMINIC PERROTTET: In the first CFFR meeting that I attended, the Productivity Commissioner, Peter Harris, presented in respect of two reports. One was on GST, which then led to a whole body of work being kicked off in respect of the most recent review of the GST, but also into productivity. What became very clear as Peter Harris took the Treasurers through was that a whole lot of the next wave of productivity enhancing reforms are wholly located within the States. The Treasurer, former Prime Minister Paul Keating—one of the greatest reformist treasurers in our country's history—which seems a long time ago from those days and the Labor Party—gave a great speech recently at the Committee for Economic Development [CEDA] where he spoke about that next wave being digitisation and wholly located within the States. What is generally found with productivity commissions is that they come out with these ideas from economists about the way the world would be if we started again, but the political will—

Mr DAVID SHOEBRIDGE: Imagine you had a tin opener.

Mr DOMINIC PERROTTET: Yes, and it is incredibly challenging for parliamentarians, Ministers, Premiers and Prime Ministers to embark on that reform when everything is so theoretical. We should establish within New South Wales, our first Productivity Commissioner, but rather than have it outside of government, have it within government. We should look at those opportunities across agencies and where we can drive reform, and, importantly, bring the community with us. Peter Achterstraat, a former auditor-general, has been appointed as the first Productivity Commissioner. He addressed the Board of Treasurers recently and has come up with a whole range of ideas that we can look at and other States will take that on as well. That is very positive.

No, I would say it is not in conflict, it is our obligation as a State to be looking at ways in which we can improve productivity because that is going to take our State even further forward. Importantly, hopefully it lays the foundation for political will to go down this path. Unfortunately, we live in a time where oppositions decide to simply oppose reforms for political wins and political purposes and not act in the best interests of the people they are elected to represent. I am not raising that in regard to my political opponents. Both sides of politics are guilty of that. What is needed is a greater healthier discourse and oppositions being constructive rather than destructive in terms of simply opposing things and running lines of political purposes rather than what is in the best interests of a State or country.

The CHAIR: Moving on to another area of innovation by you, you appointed the Chief Economist. How will this Chief Economist work in cooperation with you as Treasurer, with you making the decisions affecting the economy of New South Wales?

Mr DAVID SHOEBRIDGE: Tell us how good you are.

Mr DOMINIC PERROTTET: I was about to say innovative. That is probably the best question today. I understand the bell has gone and I do not want to deprive the Labor Party of their next line of questioning, therefore I will try to be as brief as possible. Obviously we have a very strong financial position here in New South Wales, which is why we are delivering budget surpluses. Importantly, I have a duty as Treasurer and Treasury has an obligation to also have a strong economic arm. We do have an economic arm within NSW Treasury. I want to strengthen that. I want to ensure that we have the fiscal management, but are also making the right investments in infrastructure that boosts economic activity and drives economic growth. On that point as an aside, half of economic growth in public infrastructure each year over the next two years will be half a percentage point. We need to ensure that we position our State well for success. Stephen Walters has come on board as the first

CORRECTED

New South Wales Chief Economist. From my perspective, I have already seen the benefits of the work that he is doing.

I am very positive about where New South Wales sits economically going forward. We are the number one economy in the country. Half the economic growth out of this country comes from New South Wales, even though we have only 30 per cent of the population. As we see the rising Asian middle class, the economic opportunities available for New South Wales now and into the future are significant—whether that is our tourism growth, education, export to tourism off the back of that, or agricultural opportunities. Mr Graham asked about regional New South Wales. If we invest properly now and we are ready for the future, then I believe economically we will continue to forge ahead. But we should not wait for the future. As David Bowie says, "Tomorrow belongs to those who can hear it coming." The New South Wales Government is doing that, investing in the New South Wales economy.

The Hon. ADAM SEARLE: You are aware of the Australian Competition and Consumer Commission [ACCC] inquiry into the ports transaction that your government entered into that affected Newcastle and Port Kembla?

Mr DOMINIC PERROTTET: Yes.

The Hon. ADAM SEARLE: Have there been any discussions between your government and the ACCC regarding that inquiry and if so, what that contact has been?

Mr DOMINIC PERROTTET: I will pass to Mr Gardner.

Mr GARDNER: We are happy to respond to any requests for information from the ACCC, but as yet we have not had anything specific on that topic.

The Hon. ADAM SEARLE: What implications would there be for New South Wales if the ACCC did decide that the port commitment deeds were anti-competitive and not valid? Have you obtained any advice on that possibility?

Mr DOMINIC PERROTTET: Once again, that is a hypothetical. I will make this point, that contract obviously was entered into by the Government and the operator. They understood the issues at the time and what the arrangements were to be. We are happy to work with the ACCC in respect of any issues, as we have done with the WestConnex transaction, that may arise. Having said that, it is also important to acknowledge the New South Wales Government has a ports strategy. Botany and Kembla were the first off the ranks in respect of that. The State has an obligation wider than the port operators into the investment in infrastructure that is ancillary to, but connected to those ports to get freight moving. That is why, if it comes from the Newcastle port, that transaction has delivered billions of dollars in infrastructure to Newcastle, but at the same time, whether it is Botany or Kembla, we have also got to ensure the taxpayers of New South Wales are the ones who need to make the investment in that infrastructure that connects to it, and we have done that. That is an important consideration when we look at that contract. Obviously the State will work completely with the ACCC if any issues do arise.

The Hon. ADAM SEARLE: Have you sought advice on what would flow from the ACCC finding that the port commitment deeds were anti-competitive and not valid, and if you have obtained that advice, what is it?

Mr DOMINIC PERROTTET: Mr Searle, you are dealing with a hypothetical and you are making an assumption that the contract was not competitive. The biggest—

The Hon. ADAM SEARLE: The ACCC is inquiring into that subject matter. I am asking you: As part of preparing for what might flow out of the inquiry, have you obtained any advice about the consequences for the State?

Mr DOMINIC PERROTTET: No. What I—

The Hon. ADAM SEARLE: So the answer is no.

Mr DOMINIC PERROTTET: Mr Searle, I do not—

The Hon. ADAM SEARLE: It is a very straightforward question.

Mr DOMINIC PERROTTET: We will work with the ACCC but I do not believe—

The Hon. ADAM SEARLE: I know you are struggling today, Treasurer, but if the answer is no you might just say so.

CORRECTED

Mr DOMINIC PERROTTET: We do not believe—and at the time, obviously the Government did not believe and still does not believe—that the provisions within that contract are anti-competitive.

The Hon. ADAM SEARLE: Next question—

Mr DOMINIC PERROTTET: No. Having said that, I think it is important to make this point: The New South Wales Government continues to work with the ACCC in relation to the range of issues that come from it. But I will make this point: The biggest issue of the Port of Newcastle is not the contract. Ninety per cent of the exports out of the Port of Newcastle are coal. The biggest risk to the coal industry is the Labor Party—well, maybe The Greens.

Mr DAVID SHOEBRIDGE: We are the biggest risk to the coal industry. Can we agree on that?

Mr DOMINIC PERROTTET: The Greens are the biggest risk to the coal industry, but you guys are not that far behind. I remember John Robertson having his secret plan to close the coal industry.

Mr JUSTIN FIELD: It could not have been that secret if you knew about it.

Mr DOMINIC PERROTTET: If we are talking about Newcastle—you know, one of the things that shocks me: I went up to Newcastle following the budget—

The Hon. ADAM SEARLE: Point of order—

Mr DOMINIC PERROTTET: —why the member for Newcastle keeps talking Newcastle down: The revitalisation of Newcastle you see before your very eyes.

The Hon. ADAM SEARLE: Point of order—

The Hon. JOHN GRAHAM: Chair, a point of order has been raised.

Mr DOMINIC PERROTTET: Never before have we seen such an investment in Newcastle.

The Hon. ADAM SEARLE: This is the fourth time I have had to raise the point of order.

The CHAIR: He is giving his answer. You are interrupting his answer.

The Hon. ADAM SEARLE: I am making a point of order. Throughout today's hearings, the Treasurer has spoken at great length and in a way that is completely non-responsive to the question. My question was whether he had obtained any advice. I understand that he said no. Rather than permitting me to move on to the next question, he is continuing to talk in a non-responsive way to run down the clock.

Mr DOMINIC PERROTTET: No, I am not trying to run down the clock at all.

The Hon. ADAM SEARLE: Well, you are.

The Hon. DANIEL MOOKHEY: Minister, the Chair has to rule.

Mr DOMINIC PERROTTET: What I am trying to do here is provide this Committee—

The Hon. ADAM SEARLE: Point of order—

The Hon. JOHN GRAHAM: Point of order—

The Hon. ADAM SEARLE: Chair, you have not ruled.

The Hon. DANIEL MOOKHEY: Point of order: The Minister is a witness. He is not entitled to contribute to the deliberations of the committee. A point of order has been raised. Mr Chair, it is your responsibility and only your responsibility to rule on it. You do not need the benefit of the witness's contributions.

Mr DOMINIC PERROTTET: Mr Chair, what Mr Mookhey and Mr Searle—

The Hon. ADAM SEARLE: Point of order: The witness does not get to talk—

The Hon. DANIEL MOOKHEY: Point of order: The witness is again cavilling with your ruling and interrupting.

Mr DOMINIC PERROTTET: The Chair has not made a ruling, Mr Mookhey.

The Hon. DANIEL MOOKHEY: Exactly! Perhaps the witness can allow—

The CHAIR: He is trying to clarify his answer.

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The Hon. SCOTT FARLOW: Give him a go.

Mr DOMINIC PERROTTET: Mr Chair, they are levelling—

The Hon. ADAM SEARLE: Point of order: Chair, I have raised a point of order.

The CHAIR: You do not want him to clarify his answer?

The Hon. ADAM SEARLE: No, I have raised a point of order and it is a matter for you to rule.

Mr DOMINIC PERROTTET: No, they are levelling—

The Hon. ADAM SEARLE: The witness does not get to chime in on this.

The CHAIR: I rule that the Treasurer is seeking to explain his answer.

The Hon. ADAM SEARLE: He does not get to do that when I have made a point of order.

Mr DOMINIC PERROTTET: What is the point of budget estimates, Mr Searle—

Mr DAVID SHOEBRIDGE: That is a question we are all currently asking, after seeing your performance.

The Hon. ADAM SEARLE: It is for you to answer the question, Treasurer.

Mr DOMINIC PERROTTET: —if you are going to ask questions and not allow me to give a full response? You are asking about the ACCC and the Port of Newcastle.

The Hon. ADAM SEARLE: I asked whether you had obtained any advice.

Mr DOMINIC PERROTTET: I think it is important for the committee that I provide evidence to this committee which sets out the issues in respect of that port, because clearly that is the implication of the issue that you are dealing with and raising questions in relation to.

The Hon. ADAM SEARLE: Are you going to rule, Chair?

The CHAIR: Do you wish to add anything further to the answer?

Mr DOMINIC PERROTTET: No, I am done.

The CHAIR: Move on to the next question, Mr Searle.

The Hon. ADAM SEARLE: Treasurer, whose signatures are on the port commitment deed? Which organisations did they represent and was the ACCC informed of that?

Mr DOMINIC PERROTTET: It pre-dates me. I will take that on notice.

The Hon. ADAM SEARLE: On 15 June the Port of Newcastle chairman, Professor Roy Green, was quoted in the *Australian* saying that the Port of Newcastle was being restrained by an anti-competitive arrangement—meaning the port commitment deeds—and that the restrictions are designed to kill off the viability of a container terminal in New South Wales. Will you and the Government now apologise to Newcastle for entering those port commitment deeds?

Mr DOMINIC PERROTTET: Apologise to who?

The Hon. ADAM SEARLE: Newcastle, for entering an anti-competitive arrangement—at least, according to the Port of Newcastle.

Mr DOMINIC PERROTTET: Mr Chair, this is the point: I was asked a question earlier in respect of the ACCC and an assertion in the question from Mr Searle that the contract that was entered into in respect of the Port of Newcastle was uncompetitive.

The Hon. ADAM SEARLE: No, I said that the ACCC was looking into that question.

Mr DOMINIC PERROTTET: I rejected that proposition and now Mr Searle has gone to his second line of questioning, making an assertion in respect of a contract where there has been no determination—

The Hon. ADAM SEARLE: Chair, the witness is cavilling with the question. He can answer as he chooses in a way that is generally relevant but he does not get to carry on in this way. He answers the question.

The CHAIR: You asked another question and he is answering that new question.

CORRECTED

Mr DOMINIC PERROTTET: I have not finished. In respect of the Port of Newcastle, what I would say to the people of Newcastle is that—

The Hon. DANIEL MOOKHEY: How about starting with "Sorry"?

Mr DOMINIC PERROTTET: In respect of the people of Newcastle, can I say that, on behalf of the Government, we believe that the decisions we have made have benefited the people of Newcastle greatly. In fact, as a result of that Port of Newcastle transaction, we have been able to do the following: \$100 million for the Hunter Infrastructure & Investment Fund; \$18 million for the John Hunter Neonatal Intensive Care Unit; \$24 million for the redevelopment of Muswellbrook Hospital; \$150 million committed in reserve to build the Newcastle Inner City Bypass Link between Rankin Park and Jesmond. These projects and this record investment—add to that the Newcastle Light Rail. I do not understand why the member for Newcastle has a problem with the Newcastle Light Rail. It is transforming the city up there. The university is going great; the city is going gangbusters.

The biggest threat, in my view, to the people of Newcastle is the Labor Party wanting to shut down the coal industry. When I went up post-budget and addressed the business chamber up there, even the Labor Party people up there were saying, "Thank you for mentioning coal in your budget speech. Thank you for talking about coal," because the Labor Party want to talk it down and shut it. The biggest risk to Newcastle and Newcastle port, given 90 per cent of the exports are coal, is the New South Wales Labor Party. I am very proud of being part of a Government that has invested more in Newcastle than any government before us.

The Hon. ADAM SEARLE: Given the controversy around the port commitment deeds and noting that they have in part been published, will you release the totality of the port commitment deeds so that we can see the totality of the arrangement that you say is so fair?

Mr DOMINIC PERROTTET: I will take that on notice and I will seek advice in respect of that. But as I said from the outset, Mr Searle, we are committed as a Government. If there are any issues that are raised by the ACCC, we would work through them as we do on any matters where the ACCC is involved. It is the competition watchdog. What would concern me is the position that you took—the proposition you took in two lines of questioning where you implied that the arrangements were uncompetitive.

The Hon. ADAM SEARLE: No, Treasurer, you were not listening. The first line of questioning was about the ACCC's inquiry into whether they were anti-competitive. My second line of questioning was what was your response to the chairman of the Port of Newcastle, who said that they were anti-competitive. You obviously were not listening to the question.

Mr DOMINIC PERROTTET: If that is the case and that is reported in *Hansard* tomorrow, then I will withdraw that. But the implication that I took, Mr Searle, was that you were implying in the line of questioning that you were taking the position that the contract was uncompetitive.

The Hon. ADAM SEARLE: Until you publish them, we can only go on what other people are saying and what we know in part about the contract.

The Hon. SCOTT FARLOW: Let him finish.

Mr DOMINIC PERROTTET: No, Mr Searle, what we can go on is the findings of the ACCC and the work the ACCC has done. As I said as Treasurer, the Treasury is completely committed to working with the ACCC in relation to any issues that arise as part of that contract. But I want to make the point to the people of Newcastle: This Government believes in you. We have invested a significant amount in infrastructure and we can do that because of our asset-recycling approach. We have done that with the Port of Newcastle. It was opposed by the Labor Party and now you can see that infrastructure investment occur before your very eyes as a result of this Government's decision.

The Hon. ADAM SEARLE: Wages growth in New South Wales has declined very sharply during your Government's term of office. In March of 2011, wages growth was about 4 per cent or a bit under. In June 2018, it was just a fraction of 2 per cent. The national share of income going to wage rises is at, I think, the lowest since the Second World War. Do you accept that? What are you doing to boost wages growth in New South Wales? Do you accept that? What are you doing to boost wages growth here in New South Wales?

Mr DOMINIC PERROTTET: Are you suggesting that wage—

The Hon. ADAM SEARLE: You do not get to ask me questions, Treasurer. I have asked you a question.

Mr DOMINIC PERROTTET: But you would know that the proposition in the question is flawed.

CORRECTED

The Hon. ADAM SEARLE: No. I am saying to you that wages growth as measured by the Australian Bureau of Statistics [ABS] has declined during your eight budgets. What are you doing to boost wages growth here in New South Wales?

Mr DOMINIC PERROTTET: So let us—

The Hon. ADAM SEARLE: Chair, the Treasurer is cavilling with the question.

The Hon. SCOTT FARLOW: The Treasurer has not been able to get a word out.

The Hon. TAYLOR MARTIN: He has not said one word.

The Hon. ADAM SEARLE: This is a second go at it.

The CHAIR: Sometimes the question has a premise in it, and he is questioning, sometimes, your premises on which you base your question.

The Hon. ADAM SEARLE: Chair, you are not chairing the meeting in a way that is requiring them to answer the question.

Mr DOMINIC PERROTTET: Mr Searle, you know as well as I do that wage growth is soft not just nationally, but across the globe. Here in New South Wales, if you want to look at wage growth—and we could go through this in industrial relations, I guess—but in terms of the State's position, we have set the wage cap at 2.5 per cent. The best thing that we can do as a State is to reduce taxes, get out of the way, make sure we are investing in productive infrastructure, and grow jobs. Since coming to office, we have created half a million jobs. In the most recent budget I increased the payroll tax threshold from \$750,000 to \$1 million over four years. \$850,000 in the first year. That will save a number of businesses a significant amount of money, both now and into the future. They can invest in their business and bring on new staff.

The best thing we can do when it comes to cost of living is give people a job and create the foundations for that. We have had the lowest unemployment rate in the country now for 37 consecutive months, at 4.9 per cent. Youth unemployment is the lowest it has ever been. Jobs growth is the highest in the country. When it comes to the wages cap at 2.5 per cent, we lead the way. This is at a time, as you say, when the wage growth nationally is about 2.1 per cent. But in order for strong wages you need a growing economy, and that is what we are doing.

Here in New South Wales we are seeing, compared with other jurisdictions, wages are ahead of the curve, but importantly we need to make sure the economy grows and the investments are there, and that means we have got to get out of the way. If you look at the public infrastructure investment, adding half a percentage point to economic growth, as I said, over each year of the next two years, that is an incredibly positive thing. I am very confident about the future when it comes to wage growth. Having said that, at 2.5 per cent for public service, I believe that is important because it is above where we are at CPI, at 2.1 per cent. We are above that wage growth in the private sector, but importantly I want to make sure that our police, our nurses and our teachers are given the conditions and the wages that they deserve.

The Hon. ADAM SEARLE: Treasurer, you were warned in a 2018-2019 budget review economic forecast that broader wage measures have remained weaker than expected. In a further forecast prepared by Treasury, you were warned that the shift towards part-time employment—reduced hours worked by full-time employees—is weighing on average wage growth. I am asking the very simple question: What is your Government doing to boost wages growth here in New South Wales?

Mr DOMINIC PERROTTET: We are leading the way because what is going to improve wage growth across the board is strong economic growth and ensuring that the pressures on businesses across the State, that there is downward pressure on that. That is why your Federal colleagues' opposition to company tax cuts was the wrong approach. Once again, a populist position that will not support—

The Hon. DANIEL MOOKHEY: The current Liberal Government's position. This week's Liberal Government's position.

Mr DOMINIC PERROTTET: Mr Mookhey, that may be the case, but that goes back to the point I made earlier in respect of the Chair's comments on productivity and reform being stymied by oppositions. The International Monetary Fund [IMF] research suggests, no doubt—and Mr Searle knows this, and it is very disingenuous to say that the New South Wales Government has put downward pressure on wage growth when it is anything but the truth.

The Hon. ADAM SEARLE: I think I just asked you what you are doing to reverse it.

CORRECTED

Mr DOMINIC PERROTTET: I have seen the tiles on Facebook that get put around on this stuff.

The Hon. DANIEL MOOKHEY: The what on Facebook?

Mr DOMINIC PERROTTET: The tiles. You know the tiles people send around on Facebook? The tiles the Labor Party send around.

The Hon. TAYLOR MARTIN: You are the king of Facebook; you should know this.

The Hon. ADAM SEARLE: Treasurer, given you have completed your answer, I will ask you this question—

Mr DOMINIC PERROTTET: No, no. I have not. I need to make the point about wage growth. In advanced economies it has remained remarkably sluggish, as you know, according to the IMF, with wages growing at 1.5 percentage points, less than 2017 and the years leading up to the global financial crisis. But we do believe the projections of wage growth that we have in New South Wales are that going forward we will see a movement in that space. Our projections are about halfway between where the Reserve Bank of Australia [RBA] and the Commonwealth projections are, but what we can do, particularly from a State level, is grow the economy, invest where it matters, and put downward pressure on the costs to business so that they can either bring on more staff or increase the wages to their staff.

You will see with our payroll tax cuts, Mr Searle, a number of businesses will not have to pay payroll tax going forward. For those who do, they will save up to \$13,000 at that point in time, and the 2,000 businesses that do not have to pay payroll tax also will not have to pay the cost to the payroll tax administration, which can cost, on average, businesses around \$10,000 a year. That is one of the first tasks I have given the Productivity Commission: to look at ways in which we can simplify that going forward, to reduce that burden. As you know, that allows businesses to then pass those savings on to higher wages for staff. You cannot mandate that from government. You need to provide businesses with the opportunity to do that, and I think we will see that going forward.

The Hon. ADAM SEARLE: Treasurer, your own Treasury briefing has said that stronger income growth was needed to drive consumption and therefore better economic results. What are you doing to drive stronger income growth that is different from your last answer?

Mr DOMINIC PERROTTET: By investing in the industries that matter. We are seeing strength in education, in the health space, in a whole range of those areas, particularly in construction. When you are investing in those areas from a State perspective not only are you seeing economic growth, but you are seeing business off the back of that grow as well. So I certainly see strength in that space, and I believe that wages will grow across the board. Importantly, I think from a public service perspective that I am proud of the fact that, unlike other States that are not in a financially strong position, we are able to pay our public servants at a level that is higher than a number of jurisdictions across the country.

Mr DAVID SHOEBRIDGE: Treasurer, I thought we would engage Mr Nagle. He has been very quiet in budget estimates. Through you, perhaps, to Mr Nagle, what is the current surplus for the workers comp scheme?

Mr DOMINIC PERROTTET: Do you want the funding ratio of surplus?

Mr DAVID SHOEBRIDGE: I am interested in what the current proposed surplus is, and then if you could tell us what basis you are using for calculating the surplus—85 per cent, 120 per cent, 130 per cent.

Mr NAGLE: The basis of the funding solvency we use is 80 per cent probability of accuracy. At the moment, we are 114 per cent.

Mr DAVID SHOEBRIDGE: And so, at 114 per cent, what does that put the surplus at?

Mr NAGLE: It is approximately \$2.2 billion.

Mr DAVID SHOEBRIDGE: Two point two billion?

Mr NAGLE: Yes.

Mr DAVID SHOEBRIDGE: And what is the target range that icare has adopted for the scheme?

Mr NAGLE: We have adopted a range of 120 to 140.

Mr DAVID SHOEBRIDGE: Was that based upon an 80 per cent probability or the previous valuations were based upon 75 per cent probability?

CORRECTED

Mr NAGLE: No, we use two bases of probability. We publish the 75 per cent because that is in alignment with the Australian Prudential Regulation Authority [APRA]. So that is the minimum of the APRA standard. So most companies in Australia or most funds in Australia would fund above that—around about the 85 to 90 per cent probability of adequacy. We have chosen 80 per cent as an interim number in between.

Mr DAVID SHOEBRIDGE: What would the surplus be adopting a 75 per cent adequacy ratio?

Mr NAGLE: It would 118 per cent.

Mr DOMINIC PERROTTET: I think that might have been the figure you were given this morning, with an adequacy rate of 75 per cent.

Mr DAVID SHOEBRIDGE: What would 118 per cent be in a dollar figure?

Mr NAGLE: Unfortunately, I do not have that number in front of me. I can take that on notice.

Mr DAVID SHOEBRIDGE: It would be closer to \$3 billion than \$2.2 billion though, would it not?

Mr NAGLE: It would probably be closer to about \$2.5 billion.

Mr DOMINIC PERROTTET: We will take that on notice.

Mr DAVID SHOEBRIDGE: Thank you. This morning we heard some very disturbing evidence from the State Insurance Regulatory Authority [SIRA]. It said of the 3,400 injured workers who have been cut off the scheme under section 39 of the Workers Compensation Act, 375 have been identified as vulnerable. Of those, 13 have been found to self-harm since they lost their benefits and a further six have had deaths, which have been referred to the Coroner. Knowing that there is that kind of human toll from dropping thousands of long-term injured workers off the scheme, knowing there is in excess of a \$2 billion surplus in the scheme, will you take steps to restore benefits to those workers?

Mr DOMINIC PERROTTET: What I will say in respect of section 39, and from my perspective as the Treasurer with the responsibility for icare and the commercial and insurance side—and I want Mr Nagle to provide some further comments in relation to this point—icare has worked over the last period, and obviously that is a decision that dates back to 2011, and we have worked closely with those people affected by section 39. In fact, about 1,400 of the initial tranche, I think—and correct the figures if I am wrong—of those around 5,500 injured workers in respect of the section 39 have remained on the scheme and have worked closely with icare—

Mr DAVID SHOEBRIDGE: Minister, the figure we got—and I made a slight approximation—was of the order of 3,400 who have been terminated. It is of those 3,400 who have had their benefits terminated, knowing that we have had six deaths referred to the Coroner and 13 instances of self-harm. I am asking you if you will reconsider the decision to terminate their benefits and to return benefits to long-term injured workers?

Mr DOMINIC PERROTTET: I believe we have given more support for injured workers as a result of the reforms that I brought through as finance Minister for icare. You cannot provide support for people in circumstances where the scheme is in deficit.

Mr DAVID SHOEBRIDGE: These workers are not being supported; they have had their benefits terminated. Let us not cavil with it. Some 3,400 workers have had their benefits terminated, 375 were identified as vulnerable by SIRA, 13 of those have self-harmed and we have had six deaths referred to the Coroner. Do not pretend this has been in the interests of these workers. These workers have paid the price. What are you going to do to try to restore some fairness?

Mr DOMINIC PERROTTET: Mr Shoebridge, what I am saying is that I made a number of changes, as you are aware, with icare with respect to bringing back significant support for injured workers in the recent changes that we made two or three years ago. What is most important, as I have realised being in this role and being the former Minister for Finance and Services, is that we need to give greater support to those—

Mr DAVID SHOEBRIDGE: Treasurer, my time is very limited. If Mr Nagle has some specific services that have been rolled out to workers once they have been terminated can we have that?

Mr DOMINIC PERROTTET: No, I think what is important is that there is extra support being given as a result of our changes. Over that time icare engaged very proactively with those who were affected. This is not something the Government has undertaken lightly, as you would be aware. We have provided significant support. A number of those who were affected under section 39—about 1,400—have remained within the icare system and, importantly, that end-to-end service and greater support has been there rather than under the inefficiently-run system that was there before. I know that you do not like—

CORRECTED

Mr DAVID SHOEBRIDGE: Minister, they have had their benefits terminated.

Mr DOMINIC PERROTTET: I know that you do not like hearing that but before—

Mr DAVID SHOEBRIDGE: Because it is not true. These people have been thrown on the scrap heap. It is not true to say you are helping them.

Mr DOMINIC PERROTTET: What is true is that before we had a system—we can talk about the deficit to the scheme but I am not going to.

Mr DAVID SHOEBRIDGE: Perhaps we could focus on these 3,400 workers who have had their benefits terminated, which is what I want to focus on?

Mr DOMINIC PERROTTET: What is most important for me is that, first, those people who are injured at work are given the support they need to get back to work and, secondly, they are given the medical support they need. That care and support has increased substantially under our icare reforms than occurred before—we have dealt with them and icare continues with these issues. They are sensitive issues and we are working closely with those people. What I can do as Treasurer with the responsibility of icare and the commercial insurance side is to make sure the care and support is there for those injured workers. That is exactly what Mr Nagle and icare have done over this time, dating back.

Mr DAVID SHOEBRIDGE: Given the time, I want to hand over to my colleague. If Mr Nagle can give further details on notice I would appreciate it.

Mr DOMINIC PERROTTET: In regard to the support services that have been provided?

Mr DAVID SHOEBRIDGE: Once workers have been terminated under section 39.

The CHAIR: Treasurer, are you clear about that question?

Mr DOMINIC PERROTTET: Yes.

Mr JUSTIN FIELD: Treasurer, the document I previously handed to you was one that came under the Standing Order 52 order for the production of budget papers. Some documents had a claim of privilege put on them by your department and, interestingly, they related to two things: coal royalties and gaming machine tax. I challenged that privilege and as a result of that the report of the Independent Arbiter described the claims of privilege as fundamentally flawed. Who decided to put a claim of privilege on those documents?

Mr DOMINIC PERROTTET: Just one second; I think I have a note here on that. I will take that on notice.

Mr JUSTIN FIELD: Would your department or your office have been asked by another department or by industry to keep those figures privileged?

Mr DOMINIC PERROTTET: I am unaware of that. I will take it on notice.

Mr JUSTIN FIELD: Those figures have been provided in previous years under Standing Order 52 and made available immediately to the public—they provided line items de-identified of gaming machine tax revenues. For what purpose would they have been made privileged this year when they have not been in previous years?

Mr DOMINIC PERROTTET: You are asking a follow-up question in respect of discrete information that I am not aware of about your concerns on the publication of data relating to gaming machines. I am happy to come back to you with a substantive response. The outcome—so those documents were eventually provided for you to analyse I understand.

Mr JUSTIN FIELD: I assume you have got a note because, as I said, there were only two pieces of information that had claims of privilege—one relating to coal royalties and the other relating to gaming machine tax. One was subject to a dispute and the Legislative Council was asked to consider the Independent Arbiter's report. I am sure someone from your department would have had a look at that report before you allowed your colleagues in the Legislative Council to vote to make those documents public. Surely someone can tell me where the request to make those documents privileged came from?

Mr DOMINIC PERROTTET: I am happy to take that on notice.

The CHAIR: Is there an officer in your department responsible for making an assessment of what should and should not be privileged? Perhaps a legal officer?

CORRECTED

Mr DOMINIC PERROTTET: Yes. I want to give as much information to Mr Field as possible. I would just note that there are certainly less gaming machines based on our reforms in New South Wales than there were under the Labor Party.

Mr DAVID SHOEBRIDGE: But still taking more money from the community.

Mr DOMINIC PERROTTET: At the same time you are looking also at the increase in revenues on taxation revenue—

Mr JUSTIN FIELD: No, I am looking at both.

Mr DOMINIC PERROTTET: What is your solution, Mr Field?

Mr JUSTIN FIELD: Reduce the number of poker machines in New South Wales.

Mr DOMINIC PERROTTET: And we have.

Mr JUSTIN FIELD: We have got the most in the world per capita bar none.

Mr DOMINIC PERROTTET: Hold on. Our strategy is: For every block of two or three gaming machines traded one must be forfeited for the Government.

Mr JUSTIN FIELD: No longer.

Mr DOMINIC PERROTTET: For New South Wales—

Mr JUSTIN FIELD: There are exemptions to that now.

Mr DOMINIC PERROTTET: New South Wales has 92,000—

Mr JUSTIN FIELD: You have got an old briefing note.

Mr DOMINIC PERROTTET: We have reduced substantially the amount of poker machines compared to the Labor Government. You are talking about revenue increasing but I do not understand what your alternative is because there is a tax associated with those gaming machines. So you are either saying take the tax off, which I do not think is the right approach—

Mr JUSTIN FIELD: Chair, I am happy to provide The Greens poker machine policy as part of the budget estimates hearings this year.

Mr DOMINIC PERROTTET: Email it to me. I am more than happy to go through it.

Mr JUSTIN FIELD: I am happy to. I think we can find some common ground on this, Treasurer.

Mr DOMINIC PERROTTET: What I find odd is you want to ban gambling, you want to ban the plastic bag, but you want to legalise drugs. How do you marry up that approach?

The Hon. JOHN GRAHAM: Point of order—

The CHAIR: We will move on to my questions. Following up the controversy that has occurred regarding the light rail in Sydney and the delays, many shops and businesses have had to put in claims for compensation. How many businesses have put in claims for compensation, both in the city and the eastern suburbs along the route of the light rail?

Mr DOMINIC PERROTTET: I will take that on notice. That is an operational matter that is in the purview of the Minister for Transport and Infrastructure.

The CHAIR: Are you, as Treasurer, responsible for any of those compensation decisions?

Mr DOMINIC PERROTTET: No, my role is to ensure that the funding is available, as we have set out as part of the budget, for the light rail to be completed as quickly as possible and the earlier that the barriers are taken away the better it is, no doubt, for businesses across the State. We want to get this project moving because we know the benefits that the light rail will provide in revitalising Sydney and the eastern suburbs. I know there is a scheme that is being administered by the Minister for Transport and Infrastructure in respect of support for businesses that are affected by the light rail project and he is dealing with those issues on a case-by-case basis. There is no doubt when it comes to any infrastructure project that either businesses or families are affected by that. We have seen that with the WestConnex project and home acquisitions. Treasury Secretary Michael Pratt did a significant amount of work regarding the Russell review to improve compensation and support for families whose homes were affected by property acquisitions in connection with WestConnex.

CORRECTED

That was something we wanted to ensure we got right. We did a lot of work in that space. The same thing occurs with businesses that are affected. A good government always needs to respond to those things. We are a party that prides itself on our support for small business. That can be seen in the most recent budget with our increase in the payroll tax threshold to support small business across the board. I believe small business is the lifeblood of the New South Wales economy. We need to provide all the support we can in circumstances where people are affected by our infrastructure projects. We need to be there ready to ably assist them, and I understand the Minister for Transport and Infrastructure is doing that. I will get the exact figures for you and take that on notice.

The CHAIR: Those claims are dealt with by the Minister for Transport and Infrastructure. Do you have the final decision on the payments that will be made?

Mr DOMINIC PERROTTET: We provide the opportunity for the Department of Transport within the costs of the project and if there are substantive issues in the course of any project or any issues that occur over time, they can approach Treasury with respect to that.

The CHAIR: Can you veto the figure that the Department of Transport is considering paying? Do you have any involvement?

Mr DOMINIC PERROTTET: My focus is to ensure whether it is a small business or a family that has their property affected by any of our infrastructure projects, that they are given the support they need during what can be a tough time for them. That is most important. As part of that, we can provide that support to them. In fact with our response to the Russell review, we have the most generous land acquisition process in the country by a long way. We are able to do that because we manage our finances well in New South Wales and we can give that support to them. When challenges arise I deal very closely with all my Ministers and make sure the support is there where necessary.

We saw that with the drought package recently. Where issues occur outside the budget process, we can provide that support. I make the point that my good friend the member for Keira recently announced his package on corporate waste saving, he calls it. This is interesting because this is to pay for the M4 cashback scheme, which is \$3.3 billion over the next 10 years. One of the reforms that he refers to—and this will impact decisions made outside the budget process—is to reduce the Treasurer's advance.

The CHAIR: Could you table that paper? It is your personal note, is it?

Mr DOMINIC PERROTTET: I am not sure I will table the shadow Treasurer Mr Park's media release. I am happy to do that. What is interesting is that the provision for the Treasurer's advance has not been drawn down on in the last two budgets. It was only slightly drawn down in the couple before that. What this graph shows us is that there has been a substantial drawing down of the Treasurer's advance under the previous Labor Government. To give the Committee some context, this is the fiscal management outside the budget process that the Treasurer can draw down \$390 million in 2007-08, \$453 million in 2008-09, \$544 million in 2009-10 and \$293 million in 2010-11 compared to the last two years where it was zero.

What it shows is that the shadow Treasurer is applying the standards of the previous Labor Government as somehow a savings measure when the discipline of this Government has been to draw down on that advance on only the rare occasion. That gives us the capacity to make the investments where it matters in circumstances that you refer to: support for small businesses and support for the drought. Ms McLeish, what was the amount that I reduced the Treasurer's advance by in last year's budget? We reduced the provision.

Ms McLIESH: I will have to check that.

Mr DOMINIC PERROTTET: We will check the figure, but I reduced the capacity in last year's budget for that provision to be drawn down on by the Treasurer or the future Treasurer.

The CHAIR: I will ask you that question and you can give me the answer on notice.

Mr DOMINIC PERROTTET: I will table that graph—I think it is important for the Committee—which shows the drawing down of the Treasurer's advance over the last period of time.

The CHAIR: I realise matters before the court are very sensitive and involve commercial-in-confidence. How many court cases are there underway concerning the light rail, without the details? I understand there is one major one, a Spanish company.

Mr DOMINIC PERROTTET: Going back to the previous question: in 2017-18 we reduced the appropriation of the Treasurer's advance by \$50 million. That is in answer to the previous question, but we did

CORRECTED

not draw down on it. I will take that on notice. Obviously, the operational matters in respect of the light rail are matters for the Minister for Transport and Infrastructure. My job as the Treasurer of New South Wales is to ensure that we get the best return for the taxpayers of this State. I want to ensure that our infrastructure projects are delivered on time, on budget. In a number of cases our projects are delivered under budget. I raised earlier the Sydney Metro Northwest is being delivered under budget by around \$500 million, a project that was promised for many years and never delivered.

We have an investment of \$87 billion over the next four years. We are very much in the delivery phase of those projects and they are not without their challenges. All of them—whether it is construction of a school, hospitals across the board, road and rail—have their challenges and it is important for the Government to work very closely to resolve issues as quickly as possible. My job as Treasurer is to ensure the State's finances are in the best position possible, that the investments in infrastructure across the board deliver the best outcome for the citizens across our great State.

In addition, we recently issued some infrastructure procurement to Infrastructure NSW, which I will get to because I think it is important, for constructions plans. What we are seeing is whilst we lead the way in infrastructure investment across the country, there was a report last week that showed New South Wales investing twice as much infrastructure as in Victoria and Queensland, but, importantly, what we are also seeing is that there is no doubt there is growth in our infrastructure investments and leading on from that there will be a tightening in the market and we need to make sure that the input costs of infrastructure investment are under control now and into the future, and that is why we have put together a 10-point construction plan, which Infrastructure NSW has ably led.

The Hon. JOHN GRAHAM: If you could table that I think that would be helpful for the Committee.

Mr DOMINIC PERROTTET: There is a 10-point plan and it is important that we make sure that these projects and the input costs over time are managed well. We put that plan together; it has been well received by industry and if there are any further details you can get that on the Infrastructure NSW website.

The CHAIR: Could you take on notice a question I asked you but I have not got an answer to about any court cases, legal challenges, affecting light rail, either negative or positive?

Mr DOMINIC PERROTTET: Yes, I will take that on notice.

The Hon. JOHN GRAHAM: Treasurer, there have been growing calls to review the discount rate that applies to the cost-benefit analysis calculations used by government. The Sydney Business Chamber and the Department of Premier and Cabinet have both given evidence that they believe the rate no longer appropriately assesses long-term benefits. The Grattan Institute and the Legislative Council State Development Committee have both supported a review. Would you be open to supporting a review of that rate?

Mr DOMINIC PERROTTET: I am happy to pass to Ms McLiesh to provide some further information in respect of the discount rate. I understand the Grattan Institute has raised those issues. We use a discount rate, as you would be aware, of 7 per cent, and that is also the discount rate that is utilised by Infrastructure Australia and supported by the Independent Pricing and Regulatory Tribunal [IPART].

The Hon. JOHN GRAHAM: Although they use it because we started it.

Mr DOMINIC PERROTTET: I guess part of using the discount rate of 7 per cent is that—and I will pass to Ms McLiesh because it is an interesting point—the benefits that occur on these infrastructure projects in the outer years are given a greater discount because they are not so readily measured. That is why we support Infrastructure Australia's and IPART's 7 per cent.

The Hon. JOHN GRAHAM: Just before we hand to the Deputy Secretary, would you be open to supporting a review?

Mr DOMINIC PERROTTET: The change that has been suggested by the shadow Treasurer would in many cases bring down the benefit-cost ratios of projects and therefore change the shift in taking consideration of the measurable short-term impacts and benefits of those projects, which are more readily measured than those in the outer years. But it is a genuine question and I think it is important that Ms McLiesh provides further information.

The Hon. JOHN GRAHAM: I do have a specific question for Treasury because I understand the Treasury position, I have it here and it goes for 79 pages. My specific question for the Treasury officials is this: When we assess something like the weight of the State's long-term liabilities, like the pension liability assets for

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the State in the State budget, what is the rate we use there? Do we use 7 per cent real for something like assessing the pension liabilities for the State? What is that number?

Ms McLIESH: There are two ways in which we measure the superannuation liabilities for the State: One of those is on a reporting basis and the other is on a funding basis. When we measure on a reporting basis we use the Commonwealth Government bond 10-year rate. That is to comply with AASB 119, which is an accounting standard that requires us to use the Commonwealth bond rate, and that gives us the numbers that we report in the budget papers.

The Hon. JOHN GRAHAM: So, much lower?

Ms McLIESH: That is right. That gives the number of superannuation liabilities of \$49.5 billion, which we published. However, when we are looking at the superannuation liabilities to understand whether our funding plan is adequate to meet our obligations that are outlined in the Fiscal Responsibility Act, then we use a discount rate that is on a funding basis, that is using AASB 1056, which is using a figure of around 7 per cent. The reason is that when we want to look at what the likelihood is of us being able to pay off our superannuation liabilities we want to look at the discounting by the expected earning rates that we will receive on the superannuation funds. So for those long-term investment opportunities we are using a rate that is close to 7 per cent, which is consistent with what we have in the cost-benefit analysis guidelines.

The Hon. JOHN GRAHAM: Yes, understood. So, Treasurer, will you support a review of those guidelines?

Mr DOMINIC PERROTTET: I am very comfortable where we are at the moment and particularly in circumstances where that is the discount rate that is supported by both Infrastructure Australia and particularly IPART.

The Hon. JOHN GRAHAM: Just to that point though, they set that off the New South Wales rate. We were the ones who set this rate and they adopted it.

Mr DOMINIC PERROTTET: I am comfortable with our decision in respect of the discount rate particularly being the determinant in the investment in infrastructure.

The Hon. JOHN GRAHAM: Thank you, Treasurer, I understand your position.

The Hon. DANIEL MOOKHEY: Treasurer, under section 20 of the Public Authorities Financial Arrangements Act 1987 you need to provide written authority for a Minister or an authority to enter into a joint financial agreement. What approvals have you given since you became Treasurer, what requests for approvals have you received and have you rejected any?

Mr DOMINIC PERROTTET: I understand your question. I will take that on notice and if those matters are not Cabinet in confidence I will provide them to the Committee. You wanted the—

The Hon. DANIEL MOOKHEY: What approvals have you given since you became Treasurer under section 20 of the Public Authorities Financial Arrangements Act, what requests for approvals have you received and whether or not you have rejected any?

Mr DOMINIC PERROTTET: On the basis of those matters not being Cabinet in confidence—I do not have that information in front of me—I will provide that to the Committee.

The Hon. JOHN GRAHAM: Treasurer, I might ask you to turn to Budget Paper No. 1, Table 8.1, on page 8-7. This runs through the dividends and tax equivalent payments that are coming into the State. Can you confirm that the payments coming into the State in 2018-19 are projected to be \$1.823 billion?

Mr DOMINIC PERROTTET: That is what it says.

The Hon. JOHN GRAHAM: Can you confirm that the figures then fall over the years that follow \$1.641 billion down to \$1.271 billion down to \$0.791 billion? Can you confirm those figures?

Mr DOMINIC PERROTTET: I refer you to the next page. In 2017-18 capital expenditure in the PNFC sector is forecast at \$1.6 billion—

The Hon. JOHN GRAHAM: I understand that. I was just asking you to confirm these and then I will ask you a question. Those are the figures though? You show that fall? That figure was \$2.648 billion in 2012-13. What is the Treasury prediction about when we will ever get back to that amount of revenue coming in from dividends and tax equivalent payments? Will it happen in our lifetime?

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Mr DOMINIC PERROTTET: What I find interesting about—

The Hon. JOHN GRAHAM: Is this not the story of what is actually going on, that you are selling off income-producing assets and this is the result in clear in the budget papers?

Mr DOMINIC PERROTTET: The hypocrisy is breathtaking. The shadow Minister for Water recently came out in respect of dividends that Sydney Water was providing the Government, calling it a great water tax.

The Hon. JOHN GRAHAM: I am asking about the fiscal framework for the State.

Mr DOMINIC PERROTTET: What I am saying to you is that what we are seeing under our State-owned corporations across the board is better financial management. We have the right team, in my view, who are operating those State-owned corporations, and let us take Sydney Water for example—

The Hon. JOHN GRAHAM: I am asking about the long-term revenue for the State.

Mr DOMINIC PERROTTET: —the dividends are increasing. Water prices are reducing, the maintenance is remaining incredibly strong.

The Hon. JOHN GRAHAM: As you sell assets that goes to income. Is that not what this table shows?

Mr DOMINIC PERROTTET: There is no doubt if there are income—

The Hon. JOHN GRAHAM: This figure is a straight line down. That is what is going on.

Mr DOMINIC PERROTTET: Our State-owned corporations have never been better run. Importantly, they are providing—

The Hon. JOHN GRAHAM: I am asking about the fiscal framework for the State and the long-term income.

Mr DOMINIC PERROTTET: They are providing strong returns to the New South Wales Government both now and into the future.

The Hon. JOHN GRAHAM: They are not that strong in the future. That is the issue.

Mr DOMINIC PERROTTET: They are. You cannot have your cake and eat it. We are very conservative with our projections going forward.

Mr JUSTIN FIELD: The Opposition's time has expired.

The Hon. JOHN GRAHAM: I am happy to defer to my colleague.

Mr JUSTIN FIELD: I refer again to climate change. You mentioned the Climate Change Fund earlier today. I refer you to Budget Paper No. 1 at page A4-5. There is a reference to the Office of the Environment and Heritage budget variation, which is \$142 million. I believe that is for reprofiling of expenditure under the Climate Change Fund. Can you tell me what that reprofiling involves? What does it mean? Does it mean that money is allocated but not spent?

Mr DOMINIC PERROTTET: Yes, it was unspent; the expenditure was pushed out. Importantly, you might have noted one of the Government's recent initiatives announced in August by the Premier and the Minister for the Environment. It is part of a five-year strategic plan for the Climate Change Fund. That is \$1.4 billion, which includes \$24.5 million for upgrades to more than 20,000 rental homes to enable low-income renters to benefit—

Mr JUSTIN FIELD: That was not new money; it was money allocated in the previous financial year that was not spent.

Mr DOMINIC PERROTTET: That is correct.

Mr JUSTIN FIELD: So there was no new announcement in August; it was just a restatement of a previous commitment.

Mr DOMINIC PERROTTET: No.

Mr JUSTIN FIELD: If it was reprofiling—

Mr DOMINIC PERROTTET: It is not new money.

Mr JUSTIN FIELD: That has been one of the issues with the Climate Change Fund; it has underspent to the tune of \$400 million, I think, over the past three or four years. I am simply trying to work out what has been

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spent, what has been allocated, and what is planned to be spent. The annual report has not been released and there is almost no detail in the budget about what it will fund.

Mr DOMINIC PERROTTET: I appreciate your concern about this issue. While these initiatives had not been announced at the time of the budget, it is very important that we ensure the investments from the Climate Change Fund go to the right places. At the end of the day, these funds are provided by households across New South Wales. Therefore, it is important that the decisions made, and the investments that come off the back of those decisions, involve the right investments.

Mr JUSTIN FIELD: If it is so important, why are the Climate Change Fund action plans that were due 12 months ago still not published?

Mr DOMINIC PERROTTET: Because it is important we ensure that when the investment decisions are made—

Mr JUSTIN FIELD: That is what the Government has been saying for more than 12 months. I asked these same questions last year.

Mr DOMINIC PERROTTET: And here I am; I have the answers for you.

Mr JUSTIN FIELD: That is last year's money and it is still underspent.

Mr DOMINIC PERROTTET: We have worked really hard just for you, Mr Field, over the past 12 months so that I could provide this answer today. An amount of \$24.5 million has been allocated for upgrades to more than 20,000 rental homes to enable low-income renters to benefit from energy-efficient lighting, heating and hot water systems. These upgrades are expected to help renters save \$400 a year on their energy bills. There is \$35 million to help businesses to reduce energy costs, including assistance for about 250 manufacturing businesses to install energy-efficient equipment, including upgraded boilers, refrigeration, and media and technology to help track energy use. These upgrades are expected to help manufacturers to save, on average, \$80,000 a year on energy bills. We are getting businesses across the board to be more—

Mr JUSTIN FIELD: Is that it? That is \$59 million out of \$142 million that was reprofiled.

Mr DOMINIC PERROTTET: I am still going.

Mr JUSTIN FIELD: Can you table that document?

Mr DOMINIC PERROTTET: I am almost there. In addition, almost 1,300 businesses will be provided with world-leading energy advice and training. There will be \$12.5 million to help councils to upgrade 60,000 street lights to LEDs, leading to \$22 million in savings by 2035. That will help councils to free up funding for local services and infrastructure.

Mr JUSTIN FIELD: We are still a long way from \$142 million.

Mr DOMINIC PERROTTET: The Government is accelerating the rollout of solar panels on government buildings, such as schools and hospitals, in order to reach 25,000 megawatt hours of solar energy a year—you should be happy with that—

Mr JUSTIN FIELD: It is still a long way from \$142 million.

Mr DOMINIC PERROTTET:—and 55,000 megawatt hours a year by 2024. The Government will continue to make investments from the Climate Change Fund, with announcements to be made in due course.

Mr JUSTIN FIELD: You have massively overspent the fund. You have people—

Mr DOMINIC PERROTTET: Overspent?

Mr JUSTIN FIELD: Underspent.

The Hon. SCOTT FARLOW: No, you said "overspent".

Mr DOMINIC PERROTTET: When someone says "overspent", it grabs my attention.

Mr JUSTIN FIELD: You certainly have not overspent. Now they are talking about green taxes and the Climate Change Action Plan is 18 months behind schedule.

Mr DOMINIC PERROTTET: I appreciate your strong interest in this area.

Mr JUSTIN FIELD: Especially given the climate impacts we are now seeing on the ground in New South Wales.

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Mr DOMINIC PERROTTET: The great thing about the Climate Change Fund—

Mr JUSTIN FIELD: Is that it is not being spent on climate action.

Mr DOMINIC PERROTTET: —is that it is able to put downward pressure on prices and drive energy efficiency for businesses and families across the State so that they can save money. Let us not forget that the fund is supported by families across New South Wales.

Mr JUSTIN FIELD: And they would expect that money to be spent on climate action.

Mr DOMINIC PERROTTET: Look at what we are doing.

Mr JUSTIN FIELD: It has been \$400 million underspent over the past three years.

Mr DOMINIC PERROTTET: Do you not agree that this Government has invested more in climate change initiatives than any other government in the history of the State?

Mr JUSTIN FIELD: I think that is probably a big reach. I am asking why your commitments have not been met.

Mr DOMINIC PERROTTET: I am saying that we have invested record amounts in environmental initiatives. I am very proud of the fact that in August the Premier and the Minister for the Environment signed off on this significant investment to support businesses and families across the board as part of the Climate Change Fund Strategic Plan. I also think it is important, given the seriousness with which we take the climate changing, that we ensure those investments occur in the right place. I would much prefer the Government to take the time to get it right than to rush decisions. I know the Minister for the Environment has done a fantastic job.

The Hon. DANIEL MOOKHEY: You would be the first to say that.

Mr DOMINIC PERROTTET: Members should attend her budget estimates hearing and ask her for details about the Climate Change Fund.

Mr JUSTIN FIELD: Can you guarantee that the charge will be levied on energy distributors next year and that the Government will continue to contribute to the Climate Change Fund?

Mr DOMINIC PERROTTET: That is a matter for the Government.

Mr JUSTIN FIELD: That is why I am asking the Government.

Mr DOMINIC PERROTTET: As much as I would love one day to be every Minister in the Government, we have a thing called a Cabinet. We all take positions to Cabinet and it—

Mr JUSTIN FIELD: So there is a question about this now. Is the Government considering not continuing its Climate Change Fund contributions?

Mr DOMINIC PERROTTET: You know that is being a little cute.

Mr JUSTIN FIELD: I am definitely not trying to be cute. [*Time expired.*]

Mr DOMINIC PERROTTET: Mr Field has seen that investment. I will provide him with a copy of the detailed breakdown of the Climate Change Fund. I will personally make sure that any new initiatives as part of the strategic plan are forwarded to him and to his office.

The CHAIR: Earlier we were discussing employment in New South Wales. Can you give us the figures for full-time employment versus part-time employment? What has been the growth in part-time employment? The premise behind my question is that obviously we want people to be fully employed and to get a good wage. If they are employed part time, they are not getting a full wage. It is the Government encouraging part-time employment or is it opposed to part-time employment?

Mr DOMINIC PERROTTET: Most importantly, employment growth in New South Wales has increased by 3.2 per cent in the year to July 2018. That is well above the long-term average of 1.6 per cent.

The CHAIR: Is that full-time employment?

Mr DOMINIC PERROTTET: That is led by full-time jobs, which accounted for about 88 per cent of additional employment. There is no doubt that demand for labour has been supported by strong economic activity. If you look across the board in respect of jobs growth in New South Wales, it has been incredibly strong. When it comes to jobs growth and jobs creation, New South Wales leads the way. At 4.9 per cent we have the lowest unemployment rate in the country, and we have laid the conditions for the creation of half a million jobs since we

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came to office. Youth unemployment is an area that is raised often and in New South Wales we are seeing—Mr Mookhey would be interested in this—a strong increase and drive in the place of youth unemployment. Youth employment grew by 5.8 per cent over the last year. Youth unemployment is the lowest level it has been since 2009. Not only is the unemployment rate of 4.9 per cent the lowest in the country—and has been for 37 consecutive months, which is a record in New South Wales—youth unemployment is the lowest amongst the States as well and has been for close to 20 months.

The best thing, as I said earlier on, that we can do when we know cost of living is an issue for families across New South Wales is to provide the conditions for strong employment. Particularly off the back of the construction boom here in New South Wales, there is a lot of jobs. A lot of the public infrastructure support, the jobs that come off the back of our infrastructure program, is substantial. That is important. We want our State to be the best place to live, to work, to run a business, to raise a family. An important part of that is job security. That is why we are investing where we can.

In fact, as part of the budget process I went around the State and met with a range and gamut of people, talking to small businesses and talking about jobs growth. When you meet the butchers and small business owners who will benefit from our payroll tax threshold increase, what do they talk about? They talk about the fact that they will now be able to bring on more apprentices. There is a whole line, whether it is full-time or part-time—what is most important is that we have the conditions for strong jobs growth in New South Wales. Here, in this space, I think nationally we are leading the way.

The CHAIR: Thank you, Treasurer, for your answers and appearing before the Committee. I thank your staff who are here representing your department for their attendance. That concludes the hearing today. I thank the members of the Committee for their attendance and questions.

(The witnesses withdrew)

The Committee proceeded to deliberate.