

Budget Estimates

Portfolio Committee No 1 – Premier and Finance

TREASURY

Friday, 20 August 2021

QUESTIONS ON NOTICE

Questions on Notice

TRANSCRIPT PAGE	QUESTION
p. 2	<p>The Hon. DANIEL MOOKHEY: Thank you for that update. To follow up on that, can you give us an update as to the contraction of hours worked in the New South Wales economy and how that fared compared to the Victorian lockdown last year? And, equally, can you follow up on the question about the private sector consensus around contraction in this quarter? I understand that consensus is somewhere between a range of 5 per cent to 8 per cent. Is that what you think as well?</p> <p>Mr WALTERS: In terms of hours worked, we saw – again in the July labour force numbers yesterday – a 7 per cent drop in hours worked across the New South Wales labour force. The contraction in Victoria last year was more than that. I do not have the exact number for Victoria. I can take that on notice and return with that answer, but the contraction in New South Wales last year was more than that in terms of hours worked.</p>
	<p><u>RESPONSE</u></p> <p>In July 2021, hours worked fell by 7.0 per cent in NSW.</p> <p>The biggest monthly decline in hours worked in Victoria last year was seen in April 2020 when hours fell by 8.9 per cent.</p> <p>There was a pick-up in hours worked in subsequent months as restrictions eased but during Victoria’s extended lockdown, hours fell again by 7.8 per cent between July and September.</p>
p. 5	<p>The Hon. DANIEL MOOKHEY: Do we have any indication as to whether or not all \$250 million is being distributed per week, or \$500 million depending on your [inaudible]?</p> <p>Mr PRATT: I will check with Ms Wilkie. I do not have weekly numbers but if we can get them for you, Mr Mookhey, we will.</p> <p>Ms WILKIE: The total amount paid, which includes total initial and recurring payments under JobSaver – as Mr Pratt has already said – is in the order of \$700 million. We can make some estimates about the weekly numbers or fortnightly numbers based on the number of companies –</p> <p>The Hon. DANIEL MOOKHEY: I think the inference is if we budgeted to spend \$500 million per week and we are seven weeks into lockdown and potentially, I think, five weeks since the announcement of the program, having only spent \$700 million, we are well below what we should have been spending on this program, aren't we? Is that an incorrect inference?</p> <p>Ms WILKIE: No, that is not a correct inference. The program was not announced on 26 June. This program was announced in early July and payments were paid from 18 July and available from a turnover period or a period starting from 18 July. So your inference is not correct.</p> <p>Mr PRATT: I am happy to take it on notice, Mr Mookhey. I can get weekly numbers for you, if you would like me to do that.</p>
	<p><u>RESPONSE</u></p> <p>In the five weeks to 29 August 2021, average weekly spend on JobSaver payments was \$320 million. Payments ranged from \$86 million (week ending 1 August 2021) to \$663 million (week ending 29 August 2021). The data shows that uptake and allocation of funding is steadily increasing.</p>

p. 6	<p>The Hon. PENNY SHARPE: I have one particular question, which is about the support for major events. Bluesfest was cancelled on the basis of public health orders earlier this year. There was a commitment in April from the Treasurer to develop an insurance or support program for the covering of the costs of these events and the losses that are made. My understanding is there has been some discussion with the industry about this but it has not proceeded. Could someone update me on the status of that?</p> <p>Mr PRATT: Yes. To my knowledge there is the intention to create a support fund. Some work was done on that and, as I understand it, at the moment that is with the Minister for industry and jobs.</p> <p>The Hon. PENNY SHARPE: Would you be able to give the Committee an update on the timing when you expect that to be resolved? Obviously it is a significant issue, with major events being cancelled between now and the end of the year.</p> <p>Mr PRATT: I am happy to take that on notice. I do not have that with me.</p>
	<p><u>RESPONSE</u></p> <p>This matter is currently with the Minister for Jobs, Investment, Tourism and Western Sydney for consideration. This question is best referred to the Minister.</p>
p. 6	<p>The Hon. PENNY SHARPE: My final question is festivals are ineligible for the funds that you have just outlined, Ms Wilkie, is that right?</p> <p>Ms WILKIE: I would have to take that on notice and check that with Create NSW.</p>
	<p><u>RESPONSE</u></p> <p>The Performing Arts COVID-19 Support Package provides financial support to theatrical performances and music performances. To be eligible for funding, the applicant must be:</p> <ul style="list-style-type: none"> • An eligible venue (eligible venues have been identified through sector consultation) • A producer of an eligible performance scheduled to perform at one of the eligible venues • A promoter of an eligible performance scheduled to perform at one of the eligible venues. <p>A non-eligible venue may apply for consideration to Create NSW.</p>
p. 8	<p>Ms ABIGAIL BOYD: What would be the impact other than an increase in the operating budget if the decision was made – it seems to me that we had the decision of whether to corporatise and we can say, “Well, you know, there was legislation pushing that. That does not mean there are not options to unwind it.” If we were to make that decision to not proceed with the independence and corporatisation of TAHE but instead to recognise that it no longer qualifies under the accounting standards, in addition to the operating budget impact, would it also have an impact on the ratings of the State under the rating agency methodology?</p> <p>Mr MIDHA: Not necessarily. I would have to look at that more closely and come back, but not necessarily.</p>

	<p><u>RESPONSE</u></p> <p>Creating or dissolving a State Owned Corporation (SOC) is a matter for Parliament.</p> <p>Sector classification is a matter for the Australian Bureau of Statistics.</p> <p>TAHE is understood by both Moody's and S&P Global and factored into their assessment of the State.</p>
p. 11	<p>The Hon. DANIEL MOOKHEY: Did the Treasurer approve the selection process that was utilised to select a CEO?</p> <p>Mr PRATT: I don't know, Mr Mookhey. I can take that on notice, if you would like me to.</p>
	<p><u>RESPONSE</u></p> <p>The CEO selection and appointment process was undertaken by the board in accordance with the <i>Transport Administration Act 1988</i> (the Act) and Treasury policy <i>CEO Appointment Guidelines for Government Businesses</i>.</p> <p>Under the Act, the CEO is appointed by the board. The shareholders approved the appointment and conditions of employment based on the board's recommendation, consistent with the requirements of the Act.</p>
p. 12	<p>The Hon. DANIEL MOOKHEY: Thank you. What is the CEO's remuneration?</p> <p>Mr GARDNER: I do not know off the top of my head. I do not – I am happy to take that on –</p> <p>Mr PRATT: We will take that on notice, Mr Mookhey. We do not have that with us.</p> <p>The Hon. DANIEL MOOKHEY: If it is possible to get that figure before the hearing, that would be most useful.</p>
	<p><u>RESPONSE</u></p> <p>The shareholders approved a range for the CEO's remuneration. The board received external advice in arriving at its recommended range. The range is consistent with the remuneration levels of other State Owned Corporation CEOs, but the actual figure that was agreed by the board and CEO within the approved range is not known by Treasury.</p> <p>The CEO's remuneration will be disclosed in the Annual Report for 2021. SOCs are required to disclose senior executive salaries in their Annual Report, under the <i>Annual Reports (Statutory Bodies) Regulation 2015</i>.</p>
p. 12	<p>The Hon. DANIEL MOOKHEY: Indeed. But has that position been provided to the TAHE CEO and did the Treasurer approve the power to grant a bonus to the CEO of TAHE?</p> <p>Mr GARDNER: The SOC itself has the power under the legislation to operate in a commercial manner and to determine the remuneration of its staff. So the Treasurer does not specifically have to permission that. It is part of the legislation, part of our Commercial Policy Framework.</p> <p>The Hon. DANIEL MOOKHEY: I am aware of that, but I am asking specifically: Did the Treasurer? He does not have to, but has he?</p>

	<p>Mr GARDNER: I will have to take that on notice and we will try to come back to you during the course of this hearing.</p>
	<p><u>RESPONSE</u></p> <p>The shareholders approved the CEO’s remuneration range and employment conditions based on the TAHE Board’s recommendation, as per the requirement of the <i>Transport Administration Act 1988</i>.</p> <p>The shareholders approved a range for the CEO’s remuneration. The board received external advice in arriving at its recommended range. The range is consistent with the remuneration levels of other State Owned Corporation CEOs, but the actual figure that was agreed by the board and CEO within the approved range is not known by Treasury.</p>
p. 13	<p>The Hon. DANIEL MOOKHEY: I am reading directly from the shareholder agreement. It says that TAHE is required to increase its earnings – to be technical, it is earnings before interest, tax, depreciation and amortisation – from \$48.9 million in financial year 2020-21 to \$779.3 million at the end of 2021-22. To repeat the question, how is TAHE expecting to increase its earnings by 1,400 per cent in a single year?</p> <p>Mr MIDHA: TAHE's earnings are made up of their access fees that they get from the operators. Those access fees are wrapping up, so that will – in the first year we were creating, we were setting up the TAHE SOC and their access fees started from 2021-22. I will have to take it on notice to come up with exactly the difference but it is made up of both access fees and non-regulated asset opportunities. So they are two major sources of income.</p>
	<p><u>RESPONSE</u></p> <p>The difference is largely due to access and licence fees being charged to public operators from 2021-22, as part of the commercial agreements that took effect on 1 July 2021.</p> <p>The access fee arrangements bring the public operators in line with practices that apply to private operators and similar practices applied in other jurisdictions such as Victoria and Queensland.</p>
pp. 13-14	<p>The Hon. DANIEL MOOKHEY: Has IPART determined the regulated access pricing regime?</p> <p>Mr MIDHA: IPART do make the recommendations and they have made the recommendations for Transport.</p> <p>The Hon. DANIEL MOOKHEY: That is not what I am asking.</p> <p>Mr MIDHA: They do not regulate TAHE. IPART do not regulate TAHE [disorder].</p> <p>The Hon. DANIEL MOOKHEY: I am aware of that. I am aware that they do not regulate TAHE. I am asking not if they provided advice but if they have actually determined the regulated access pricing regime.</p> <p>Mr MIDHA: I will take that on notice and I can come back to you later.</p> <p>The Hon. DANIEL MOOKHEY: Given that the shareholder agreement says that that was meant to be done by 1 July 2021, has TAHE missed its date?</p> <p>Mr MIDHA: Again, I will take that on notice and check on that.</p> <p>The Hon. DANIEL MOOKHEY: How is it possible that TAHE knows what to charge Sydney Trains and others if IPART has not yet made a regulated access determination?</p>

	<p>Mr MIDHA: I do not believe they have made a determination as yet, but we can check on that.</p>
	<p><u>RESPONSE</u></p> <p>The Independent Pricing and Regulatory Tribunal of NSW (IPART) does not determine access prices. Its role is to determine if the rail infrastructure owner has not exceeded the total revenue limits of either a particular access seeker or a group of access seekers.</p> <p>In October 2022 TAHE will be required to lodge a compliance submission to IPART which will need to determine that the operating costs that were used are efficient & confirm the access revenues for the public sector operators are between the floor and ceiling levels.</p>
p. 14	<p>The Hon. DANIEL MOOKHEY: Given that the shareholder agreement says that that was meant to be done by 1 July 2021, has TAHE missed its date?</p> <p>Mr MIDHA: Again, I will take that on notice and check on that.</p> <p>The Hon. DANIEL MOOKHEY: How is it possible that TAHE knows what to charge Sydney Trains and others if IPART has not yet made a regulated access determination?</p> <p>Mr MIDHA: I do not believe they have made a determination as yet, but we can check on that.</p>
	<p><u>RESPONSE</u></p> <p>IPART does not determine access prices. Its role is to determine if the rail infrastructure owner has not exceeded the total revenue limits of either a particular access seeker or a group of access seekers.</p>
p. 14	<p>The Hon. DANIEL MOOKHEY: Well, you have the annual report right now. Have you, by the way, decided this year's shareholder agreement with TAHE?</p> <p>Mr MIDHA: I need to check on that.</p> <p>The Hon. DANIEL MOOKHEY: You do not know whether we have a shareholder agreement for the coming year with TAHE? It was meant to be done by 1 July 2021. Do we not have one in place?</p> <p>Mr MIDHA: I can check on that. I would assume it is, but I need to check on that and come back to you.</p>
	<p><u>RESPONSE</u></p> <p>Under the <i>State Owned Corporations Act 1989</i>, the Statement of Corporate Intent is due to be submitted to the shareholders by the end of September 2021. It must be tabled in Parliament 14 sitting days after received by the shareholders.</p>
p. 14	<p>The Hon. DANIEL MOOKHEY: The last publicly available shareholder agreement shows zero dividends for the next three years. Are we getting zero dividends for the next three years from this profit-making enterprise?</p> <p>Mr MIDHA: No.</p> <p>The Hon. DANIEL MOOKHEY: How much dividends are we getting?</p> <p>Mr MIDHA: I will have to take that on notice, but they will be clarified when – they will be finalised when the annual report is released later this year.</p>
	<p><u>RESPONSE</u></p> <p>The 2021-22 Statement of Corporate Intent will provide detail on expected dividends.</p>

p. 15	<p>The Hon. DANIEL MOOKHEY: Who was? This board was appointed last year. Who from Treasury is responsible for recruiting directors?</p> <p>Mr GARDNER: We have discretion as to who sits on the panel. Mr Midha, do you want to take that question?</p> <p>Mr MIDHA: There was a panel that had – I was on the panel that included representations from Transport and from Department of Premier and Cabinet [DPC].</p> <p>The Hon. DANIEL MOOKHEY: Did you use a firm or did you use the known pool or recommendations-from-business method?</p> <p>Mr MIDHA: We used a firm.</p> <p>The Hon. DANIEL MOOKHEY: Which firm did you use?</p> <p>Mr MIDHA: We used Cornferi [<i>Korn Ferry</i>].</p> <p>The Hon. DANIEL MOOKHEY: Conferi [<i>Korn Ferry</i>]? How much did you pay them?</p> <p>Mr MIDHA: I will take that on notice.</p>
	<p><u>RESPONSE</u></p> <p>Korn Ferry’s fee for assisting with the search for well qualified candidates was \$65,000.</p>
p. 15	<p>The Hon. DANIEL MOOKHEY: How many candidates did they recommend or did they offer you?</p> <p>Mr MIDHA: Again, I am going from memory and we can check on that, but from memory around seven or eight.</p>
	<p><u>RESPONSE</u></p> <p>The panel recommended 6 candidates.</p>
p. 18	<p>The Hon. MARK LATHAM: What is the saving in procurement, if you were to pull it out?</p> <p>Mr MIDHA: I can give you that. I can get that for you. I can come back to you on that, Mr Latham.</p> <p>The Hon. MARK LATHAM: Okay. That is one item, and if you can take that on notice, thank you, Mr Midha.</p>
	<p><u>RESPONSE</u></p> <p>Additional procurement savings of \$729 million over the three years to 2023-24 were announced as part of the 2020-21 NSW Budget. Over the four years to 2024-25, these savings are expected to be \$1.0 billion.</p> <p>These savings are outlined in the 2020-21 Budget, <i>Budget Paper No. 1 – Budget Statement</i> in Chapter 5 - Expenditure, page 8-9, and in Appendix A5 (Measures Statement), page 7.</p>
p. 18	<p>The Hon. MARK LATHAM: Okay. That is one item, and if you can take that on notice, thank you, Mr Midha. To answer that point as to standard budget practice, governments list measures changes against a "no policy change" basis in their budget. Why aren't any expenditure reductions – you have identified just one that is in this budget. Why is it not listed in the Measures Statement?</p> <p>Mr MIDHA: As I said, there were no direct expenditure cuts. They were done through particular protected savings and certain programs. The procurement saving is about \$3 billion over 10 years, so that is one of the larger ones. We have also looked at savings through – to move funds into the Digital Restart Fund, for example. So we have future savings in there, but that is for agencies to find savings to meet government priorities.</p>

	<p>Mr PRATT: Mr Latham, can we take that on notice? Because I would like to come back to you on that. There will be a reason for that. It may not be shown clearly, but there is no intention not to identify savings, as you would appreciate.</p>
	<p><u>RESPONSE</u></p> <p>The 2021-22 NSW Budget focused on implementing existing savings measures which are providing structural, ongoing savings. This includes wages restraint, an uplift in existing efficiency dividends, election commitment savings and procurement savings which were introduced in the 2018-19 to 2020-21 Budgets.</p> <p>These measures can be found in the:</p> <ul style="list-style-type: none"> • 2018-19 Budget, <i>Budget Paper No. 1 – Budget Statement</i>, Chapter 6 – Expenditure, pages 2, 4 and Measures Statement (Chapter 6, page 19) • 2019-20 Budget, <i>Budget Paper No. 1 – Budget Statement</i>, Chapter 5 – Expenditure, pages 3-5 and Measures Statement (Chapter 5, page 19) • 2020-21 Budget, <i>Budget Paper No. 1 – Budget Statement</i>, Chapter 5 - Expenditure, page 8-9, and Appendix A5 (Measures Statement), page 7.
p. 18	<p>The Hon. MARK LATHAM: Okay. Mr Midha, the <i>Measures Statement</i> lists 145 items, dot points in the range of cluster portfolios. Is it right that the 145 measures in this budget are all expenditure increases as listed?</p> <p>Mr MIDHA: Again, I will take that on notice. I have not checked those 145 statements, but I suspect they are all increases.</p>
	<p><u>RESPONSE</u></p> <p>The <i>Measures Statement</i> for the 2021-22 Budget presents the total Cluster impact from all new revenue, expenditure and capital measures since the 2020-21 Half-Yearly Review. Individual items meeting a materiality threshold of \$20 million or over are separately listed.</p> <p>The measures listed in the statement are a mix of the three categories identified above. For example, the motor vehicle stamp duty exemptions for electric and low emissions vehicles are a measure with revenue impacts.</p> <p>Measures (including savings) from previous Budgets are not reflected in the <i>Measures Statement</i> for the 2021-22 Budget.</p>
p. 18	<p>The Hon. MARK LATHAM: Okay. So it is apparently not Treasury practice to list expenditure savings in the <i>Measures Statement</i> and they are buried somewhere in the portfolio data. Why isn't it Treasury practice to list the actual amount of the expenditure increase for each of these 145 dot points?</p> <p>Mr MIDHA: I do not have an explanation for that. Each measure should have an amount on it. I do not have it in front of me, but I can check on that.</p>
	<p><u>RESPONSE</u></p> <p>The <i>Measures Statement</i> for the 2021-22 Budget presents the total Cluster impact from all new revenue, expenditure and capital measures since the 2020-21 Half-Yearly Review. Individual items meeting a materiality threshold of \$20 million or over are separately listed.</p>

	<p>Measures (including savings) from previous Budgets are not reflected in the <i>Measures Statement</i> for the 2021-22 Budget.</p>
p. 19	<p>The Hon. MARK LATHAM: But they are not counted as measures. On notice, can we get a list of the measures that you are now talking about that were not actually listed in the appropriate part of the budget papers?</p> <p>Mr MIDHA: That was provided to us via the Cabinet process, so that has not been made public through the budget papers.</p> <p>The Hon. MARK LATHAM: So there are significant budget measures that do not actually get published in the budget?</p> <p>Mr PRATT: No, that is not correct. Mr Latham, we will take this on –</p>
	<p><u>RESPONSE</u></p> <p>The <i>Measures Statement</i> for the 2021-22 Budget presents the total Cluster impact from all new revenue, expenditure and capital measures since the 2020-21 Half-Yearly Review. Individual items meeting a materiality threshold of \$20 million or over are separately listed.</p> <p>Measures (including savings) from previous Budgets are not reflected in the <i>Measures Statement</i> for the 2021-22 Budget.</p>
p. 19	<p>The Hon. MARK LATHAM: He just said those measures were provided in the Cabinet process and not published in the budget papers. What sort of fiasco is this?</p> <p>Mr PRATT: I think Mr Midha is referring to ERC discussions about optionality on cost saves. That is a discussion ongoing, as you would expect. But what I will take on notice for you is to give you a breakdown of the cost saves in this budget [disorder].</p> <p>The Hon. MARK LATHAM: Okay. And if you can please give an extensive explanation as to – in the measures section of a budget, Federal and State, there are always expenditure increases and decreases listed – why this is not the practice in New South Wales, which just seems absolutely extraordinary.</p>
	<p><u>RESPONSE</u></p> <p>The <i>Measures Statement</i> for the 2021-22 Budget presents the total Cluster impact from all new revenue, expenditure and capital measures since the 2020-21 Half-Yearly Review. Individual items meeting a materiality threshold of \$20 million or over are separately listed.</p> <p>Measures (including savings) from previous Budgets are not reflected in the <i>Measures Statement</i> for the 2021-22 Budget.</p>
p. 20	<p>The Hon. DANIEL MOOKHEY: Thank you, Chair. Thank you, Treasury secretary, for those clarifications. I have a question about a particular clarification about the TAHE CEO's remuneration. The Treasurer, under the State Owned Corporations Act, has the power and is, in many senses, required to provide his concurrence or his approval to the remuneration, which he did this year after receiving a briefing from Treasury. To the extent to which you say that it is a matter for Transport, how can it be a matter for Transport given the Act says that the Treasurer has to give concurrence and, equally, the Treasurer did give his concurrence?</p> <p>Mr PRATT: I will get Mr Gardner to comment on the detail. As I understand it, the Treasurer gives his concurrence to a remuneration range, then the actual</p>

	<p>dollar amount is set within that range by the board of TAHE in conjunction, as I understand it, with the transport Minister.</p> <p>The Hon. DANIEL MOOKHEY: I appreciate that, Mr Pratt. That does actually clarify it. Therefore, what was the range that the Treasurer gave his concurrence to for the CEO of TAHE?</p> <p>Mr GARDNER: That will be declared in the annual report for TAHE in the normal way we require SOCs to declare their executive remuneration, Mr Mookhey. Sorry, it is [disorder].</p> <p>The Hon. DANIEL MOOKHEY: I look forward to reading it in the annual report in December, but I am asking you now at a budget estimates hearing if you can tell us what it is so that we do not have to wait six months.</p> <p>Mr GARDNER: I will take that on notice.</p>
	<p><u>RESPONSE</u></p> <p>The shareholders approved a range for the CEO's remuneration. The board received external advice in arriving at its recommended range. The range is consistent with the remuneration levels of other State Owned Corporation (SOCs) CEOs, but the actual figure that was agreed by the board and CEO within the approved range is not known by Treasury.</p> <p>The CEO's remuneration will be disclosed in the Annual Report for 2021. SOCs are required to disclose senior executive salaries in their Annual Report, under the <i>Annual Reports (Statutory Bodies) Regulation 2015</i>.</p>
p. 21	<p>The Hon. DANIEL MOOKHEY: Did the Treasurer overturn advice from the panel about who to appoint to the board of TAHE?</p> <p>Mr MIDHA: No, I think all the board recommendations were accepted.</p> <p>The Hon. DANIEL MOOKHEY: Therefore, if the panel and Treasury recommended the existing board directors, why did Treasury recommend three board directors, none of whom have rail experience and two of whom are the Chair and member of Sydney Water and the other is a director of WaterNSW?</p> <p>Mr MIDHA: The panel made the selection. There were criteria that we went through. I will have to take that on notice. That was a while ago.</p>
	<p><u>RESPONSE</u></p> <p>Treasury used Korn Ferry to recruit TAHE's board members. Korn Ferry is Treasury's recruitment partner for all appointments to State Owned Corporation boards.</p> <p>Korn Ferry undertook a search and identified a list of candidates for the shareholders' consideration, accounting for the range of skills required on TAHE's board.</p> <p>The shortlist of candidates were interviewed to determine suitability for appointment. TAHE is an asset management company that has rail and property assets.</p> <p>The Secretary of Transport is a statutory appointee to the board and brings sector experience to the role. The other directors selected bring a range of complementary skills and experience.</p>
p. 21	<p>The Hon. DANIEL MOOKHEY: That is helpful context, but my actual question was: Are board directors of TAHE required to have experience in rail safety laws and rail safety?</p> <p>Mr MIDHA: I can check with that one. I do not believe that was one of the criteria in the selection of the board. I do believe that one of the board directors,</p>

	Mr Trevor Bourne, came with some experience in safety in transport—this is from memory. I would have to go back and check. But I believe that was the case.
	<u>RESPONSE</u> The Operators are responsible for safety compliance. The Secretary of Transport is a statutory appointee to the board and brings sector experience, in particular rail experience.
p. 21	The Hon. DANIEL MOOKHEY: Mr Pratt, did you approve the engagement of Ms Watson? Mr PRATT: I will have to check on that, Mr Mookhey.
	<u>RESPONSE</u> The Treasury Secretary did not approve the engagement of Ms Watson.
pp. 21-22	The Hon. DANIEL MOOKHEY: How much has Ms Watson's engagement cost? Mr PRATT: I will see if we have that available. Mr Midha? Mr MIDHA: I do not have that number at hand. The Hon. DANIEL MOOKHEY: Can you take it on notice? Mr PRATT: I am quite happy to take it on notice, Mr Mookhey, and come back to you.
	<u>RESPONSE</u> Ms Watson's costs with the TAHE project from January 2020 to August 2021 were \$499,000.
p. 22	The Hon. DANIEL MOOKHEY: Has a contract award notice been published about Ms Watson's engagement? Mr MIDHA: I will have to take that on notice.
	<u>RESPONSE</u> Contract award notice has been published. Please refer to: https://www.tenders.nsw.gov.au/?event=public.cn.view&CNUUID=CFFB2DD2-F035-40C4-43877F21FEA287D0
p. 22	The Hon. DANIEL MOOKHEY: On notice, can you identify how this has been publicly reported in any form? Mr MIDHA: I will take that on notice.
	<u>RESPONSE</u> Contract award notice has been published. Please refer to: https://www.tenders.nsw.gov.au/?event=public.cn.view&CNUUID=CFFB2DD2-F035-40C4-43877F21FEA287D0
p. 22	The Hon. DANIEL MOOKHEY: Thank you. How much has Treasury spent in total on consultancy regarding TAHE? Mr MIDHA: Again, we will have to take that on notice.

	<p>The Hon. DANIEL MOOKHEY: Mr Midha, on notice, do you mind getting us a breakdown by amount by firm? Mr MIDHA: Sure. Yes.</p>																		
	<p><u>RESPONSE</u></p> <p>Since TAHE's inception, NSW Treasury has spent \$1.54 million to 30 June 2021 on consultancy engagement. The breakdown by firm over this period is as follows:</p> <table border="1"> <thead> <tr> <th>Firm</th> <th>Cost</th> </tr> </thead> <tbody> <tr> <td>KPMG AUSTRALIA</td> <td>1,200,617.03</td> </tr> <tr> <td>Jones Lang La Salle</td> <td>129,500.00</td> </tr> <tr> <td>Heathwest Advisory</td> <td>89,100.00</td> </tr> <tr> <td>Korn Ferry</td> <td>65,000.00</td> </tr> <tr> <td>Nothling Consulting</td> <td>27,225.00</td> </tr> <tr> <td>P90 Advisory</td> <td>13,500.00</td> </tr> <tr> <td>Other</td> <td>15,240.50</td> </tr> <tr> <td>TOTAL</td> <td>1,540,182.53</td> </tr> </tbody> </table>	Firm	Cost	KPMG AUSTRALIA	1,200,617.03	Jones Lang La Salle	129,500.00	Heathwest Advisory	89,100.00	Korn Ferry	65,000.00	Nothling Consulting	27,225.00	P90 Advisory	13,500.00	Other	15,240.50	TOTAL	1,540,182.53
Firm	Cost																		
KPMG AUSTRALIA	1,200,617.03																		
Jones Lang La Salle	129,500.00																		
Heathwest Advisory	89,100.00																		
Korn Ferry	65,000.00																		
Nothling Consulting	27,225.00																		
P90 Advisory	13,500.00																		
Other	15,240.50																		
TOTAL	1,540,182.53																		
p. 22	<p>The Hon. DANIEL MOOKHEY: Across Treasury in total, how much has Treasury spent on consulting with the big four accounting firms—Deloitte, EY, KPMG, PwC—in the last year across all projects? Mr MIDHA: I will take that on notice.</p>																		
	<p><u>RESPONSE</u></p> <p>Treasury complies with all reporting requirements relating to the engagement of consultants. Details, including spend and project breakdown, for the last financial year, will be published in the Treasury annual report, scheduled for release during November 2021.</p> <p>https://www.treasury.nsw.gov.au/documents-resources/documents-library</p> <p>https://www.treasury.nsw.gov.au/sites/default/files/2021-02/nsw_treasury_annual_report_2019-20.pdf</p>																		
p. 22	<p>The Hon. DANIEL MOOKHEY: Can you tell us how many engagements of either of those four firms are below the \$150,000 disclosure threshold? Mr MIDHA: We will take that on notice.</p>																		
	<p><u>RESPONSE</u></p> <p>Treasury complies with all reporting requirements relating to the engagement of consultants. Details, including spend and project breakdown, for the last Financial Year, will be published in the Treasury annual report, scheduled for release during November 2021.</p> <p>https://www.treasury.nsw.gov.au/documents-resources/documents-library</p> <p>https://www.treasury.nsw.gov.au/sites/default/files/2021-02/nsw_treasury_annual_report_2019-20.pdf</p>																		

p. 22	<p>The Hon. DANIEL MOOKHEY: Can we get a list of all projects and descriptions that are less than \$150,000 and what the purpose of the engagement was?</p> <p>Mr MIDHA: I will take that on notice.</p>
	<p><u>RESPONSE</u></p> <p>Treasury complies with all reporting requirements relating to the engagement of consultants. Details, including spend and project breakdown, for the last Financial Year, will be published in the Treasury annual report, scheduled for release during November 2021.</p> <p>https://www.treasury.nsw.gov.au/documents-resources/documents-library</p> <p>https://www.treasury.nsw.gov.au/sites/default/files/2021-02/nsw_treasury_annual_report_2019-20.pdf</p>
p. 23	<p>The Hon. DANIEL MOOKHEY: Thank you. Does Treasury have any firm or consultant on a monthly retainer?</p> <p>Mr MIDHA: Again, I do not believe so, but I will take that on notice.</p>
	<p><u>RESPONSE</u></p> <p>Treasury does not have any firm or consultant on a monthly retainer.</p>
p. 23	<p>The Hon. DANIEL MOOKHEY: Have you had an exchange of correspondence of any form with the existing transport secretary?</p> <p>Mr PRATT: Again, I cannot recall, but I am happy to look at that and come back to you. I will take it on notice if that is okay.</p>
	<p><u>RESPONSE</u></p> <p>The Treasury Secretary routinely corresponds and engages with other Secretaries, including the Transport Secretary, in the routine course of public sector business.</p>
p. 24	<p>The Hon. DANIEL MOOKHEY: And how much is in the community fund?</p> <p>Mr MIDHA: At the moment, there is nothing in the community fund. That has been discontinued. It was discontinued last year when we were looking at making expense savings to fund the stimulus costs that were arising in 2020.</p> <p>The Hon. DANIEL MOOKHEY: Just to be clear, the Government abolished the community fund that was meant to distribute to community groups half of the investments return earned from the first half of the sale of WestConnex?</p> <p>Mr MIDHA: Yes, that fund is not utilised anymore. It was about \$25 million. I will have to check again on notice to find out how much was in there.</p>
	<p><u>RESPONSE</u></p> <p>As at 30 June 2021, the Community Services and Facilities Fund (CSFF) had a balance of around \$33.25 million.</p>
p. 26	<p>Ms ABIGAIL BOYD: I will turn to Mr Achterstraat in a minute, but I just wanted to ask one last question of you, Mr Pratt. In relation to the rating agencies, how much does the NSW Treasury pay each of Moody's and S&P each year?</p> <p>Mr PRATT: Have we got that with us?</p> <p>Mr MIDHA: Not handy. I can try to get that to you.</p>

	<p>Mr PRATT: We will have to take it on notice, I think, Ms Boyd. I am sorry.</p> <p>Mr GARDNER: It is Mr Gardner here, Ms Boyd. I cannot give you the absolute number, so I will take that on notice. The only thing that I would reference is that payment is linked to the size of our debt program, so as our debt program grows, that [audio malfunction], so it is not a fixed number.</p> <p>Ms ABIGAIL BOYD: Yes. I would expect that. That would be great if you could give me the information for the last at least five years on how much you have spent on both of those agencies. That would be fantastic.</p> <p>Mr PRATT: We will do that. Thank you.</p>
	<p><u>RESPONSE</u></p> <p>The fees that are paid to S&P Global and Moody's are commercial-in-confidence and as such cannot be disclosed.</p>
p. 27	<p>Ms ABIGAIL BOYD: My apologies for interrupting. You know as well as I do that that Federal excise tax just goes into general revenue and is only notionally there for paying for roads. Some people would argue that perhaps their tax is what should pay for the roads that are an essential part of society. I think I will leave it there because I am almost out of time. Thank you though, Mr Achterstraat. Mr Pratt, if I could just ask you very quickly about the modelling for the EV tax, did you take into account this increase in pricing from the 2.5c per kilometre when working out whether or not it would be revenue neutral and at what point? Was it taken into account in the modelling?</p> <p>Mr PRATT: There was extensive modelling done on this policy, as you would expect, Ms Boyd. Ms Wilkie led that work. I might get her to talk to the modelling specifically, if that is alright with you.</p> <p>Ms ABIGAIL BOYD: Thank you.</p> <p>Ms WILKIE: Yes, Ms Boyd. We did look at a range of different price points. That work is still really under cover of Cabinet in confidence, so we will have to take advice from the Treasurer. I will have to take that on notice in terms of what we might be able to tell you about that modelling.</p> <p>Ms ABIGAIL BOYD: Thank you. And also whether it is considered that you would also increase that 2.5c rate for time-of-day charging, congestion charging and other types of [inaudible] as has been in other jurisdictions.</p>
	<p><u>RESPONSE</u></p> <p>An electric vehicle distance-based road user charge rate of 2.5c/km indexed annually by Sydney CPI was announced in the Budget and is in the <i>Electric Vehicles (Revenue Arrangements) Bill 2021</i>. The Government has no plans to alter this rate and if the Bill is enacted the rate could not be changed without Parliament's approval.</p> <p>NSW Treasury modelling looked at a range of price points and that informed government decision making.</p>
p. 29	<p>The Hon. MARK LATHAM: Thanks, Mr Pratt. Yes, there is COVID expenditure, but from what I can see in the budget, there is next to no attempt to offset that with any form of substantial structural saving in the budget. Can I come to the second point of Mr Midha's clarifications? That is, where in the 145 measures in the measures statement does it mention procurement?</p> <p>Mr MIDHA: I will have to take that on notice, but the procurements are efficiency savings that are built into agencies' baseline expense. That has been ongoing to a number of different projects and each agency meets their cost savings in procurement in their own budget.</p>

	<p><u>RESPONSE</u></p> <p>The procurement savings introduced in the previous 2020-21 Budget are outlined in the 2020-21 Budget, <i>Budget Paper No. 1 – Budget Statement</i> in Chapter 5 - Expenditure, page 8-9, and in Appendix A5 (Measures Statement), page 7.</p>
p. 29	<p>The Hon. MARK LATHAM: But you did say at the morning tea break that all the expenditures and savings are listed in the measures statement in the whole of Government where you would expect procurement to be, given you have just said it is a whole-of-Government measure – there are seven dot points and none of them mentions procurement. It does not feature. Can you get some clarification on notice, Mr Midha, as to what has gone on there –</p> <p>Mr MIDHA: Yes.</p> <p>The Hon. MARK LATHAM: – given that you have given me three different versions now of what the measures statement is supposed to be doing? It does mention the revised wages policy which, against the no policy change basis for the current budget, is actually an expenditure increase. So in 145 items, there is no attempt to bring the budget into any sort of fiscal responsibility. Can I put to you, Mr Pratt, that because of this absence of any form of fiscal restraint and the drying up of the pots of gold of privatisation for this Government, it has forced you into funny money schemes and accounting tricks like TAHE and playing the stock market for the Generations Fund. Isn't that the bottom line of this abysmal state of fiscal management in New South Wales?</p> <p><i>~Break</i></p> <p>Mr PRATT: Mr Latham, sadly, they are sensationalist-type comments. I reject all those comments that you have just made; that is not the case. I am more than happy for Mr Gardner, who is leading the procurement work, if you wish, to give you an outline now of those cost saves. They [audio malfunction] significant. We will come back to you and outline this in detail. If you would like me to take that on notice, I am very happy to do that. But as I have indicated earlier, this is not about facades and tricks and other things. All the work we are doing has strong accounting standards around it. We are focused on fiscal repair and I have outlined some of the bigger items to you already. But it is a very strong focus through Treasury around cost management, and I will come back to you on that detail if you would like me to. But I just wanted to clarify.</p>
	<p><u>RESPONSE</u></p> <p>The procurement savings were detailed in aggregate within the 2020-21 Budget over the following 4 years (rather than in the 2021-22 Budget). These savings help support Government's ability to deliver outcomes using taxpayers' dollars in an efficient and effective manner.</p> <p>Additional procurement savings of \$729 million over the three years to 2023-24 were announced as part of the 2020-21 Budget. Over the four years to 2024-25, these savings are expected to be \$1.0 billion. These savings are outlined in the 2020-21 Budget, <i>Budget Paper No. 1 – Budget Statement</i> in Chapter 5 – Expenditure, page 8-9, and in Appendix A5 (Measures Statement), page 7.</p>
p. 30	<p>The Hon. DANIEL MOOKHEY: Mr Pratt or to whoever you wish to direct, what is the Government contribution to the NSW Generations Fund for the coming year?</p> <p>Mr PRATT: I will see if we have that available, Mr Mookhey. Mr Midha, do you?</p>

	<p>Mr MIDHA: I do not have that number at hand [audio malfunction]. If you give me a minute, I will check that out for you.</p> <p>Mr PRATT: We will try and get that, Mr Mookhey.</p>
	<p><u>RESPONSE</u></p> <p>Contributions are made in accordance with Government policy.</p>
p. 31	<p>The Hon. DANIEL MOOKHEY: Sure. Do we have that figure about the government contribution for the coming year?</p> <p>Mr PRATT: Let me just check.</p> <p>Mr MIDHA: No, I have not got it yet. No.</p> <p>Mr PRATT: We will have to take that on notice.</p>
	<p><u>RESPONSE</u></p> <p>Contributions are made in accordance with Government policy.</p>
p. 32	<p>The Hon. DANIEL MOOKHEY: Why wasn't the abolition of the board chaired by Dr Stevens announced?</p> <p>Mr MIDHA: I think the closure of the My Community Project was announced in the media.</p> <p>Mr PRATT: I would have thought there would have been some announcement, Mr Mookhey. I would have to check on that. I cannot recall, sorry.</p> <p>The Hon. DANIEL MOOKHEY: I cannot find one. It is possible that I am wrong. On notice, can you please provide us precisely where you announced the decision to abolish the board chaired by Dr Glenn Stevens?</p> <p>Mr PRATT: We will take that on notice. Thank you.</p>
	<p><u>RESPONSE</u></p> <p>In September 2020, the Government announced the discontinuation of the My Community Project (MCP).</p> <p>The discontinuation of the MCP and the dissolution of the NGF Advisory Board were announced in the NGF Annual Report 2019-2020 (Treasurer's message refers).</p> <p>https://www.treasury.nsw.gov.au/sites/default/files/2021-03/nsw_generations_fund_annual_report_2019-20.pdf</p>
p. 34	<p>The Hon. DANIEL MOOKHEY: I get the benefit. Which emerging markets are we investing in, in both equities and debt? I see that we have 6 per cent of emerging market debt and we had, I think, about the same as emerging market equities. Can you tell us which markets we are going in?</p> <p>Mr DEVERALL: We have developed markets and we have emerging markets and there are frontier markets. Typically some of the emerging markets might include countries such as Korea—those sorts of emerging markets—but certainly not what you would call frontier markets. If you want me to give you an exact description of exactly the allocations by country, I can do that and I can take that on notice.</p>
	<p><u>RESPONSE</u></p> <p>Emerging Market (EM) investments are an important component of the broader global investment opportunity set. The NGF's allocation to EM provides it with important risk diversification benefits, allowing for lower overall portfolio risk</p>

for a given expected return. It is common industry practice for a diversified fund to have an allocation to EM.

TCorp seeks to benchmark its EM exposures against industry recognised benchmarks (i.e. the Morgan Stanley Capital International (MSCI) Emerging Markets Index). These benchmarks and their construction methodology aim to provide a robust and unbiased point of reference for asset class relative returns, whilst providing insights into return behaviour. The EM country allocations reflect the overall relative size the EM investment market and its market liquidity.

TCorp does not permit investment in jurisdictions or countries subject to sanctions under the Commonwealth Government Autonomous Sanctions Regulations. Regular screening of the EM portfolios is performed to ensure compliance with this policy.

Both EM equities and debt each represent around 6% of the NGF.

Emerging Market Equities as at 30 June 2021

<u>As at 30 June 2021</u>	% of NGF		
Country	NGF %	Benchmark %	Difference %
Argentina	0.1%	0.0%	0.1%
Brazil	0.3%	0.3%	0.0%
Cayman Islands	0.0%	0.0%	-0.0%
Chile	0.0%	0.0%	-0.0%
China	1.4%	2.1%	-0.7%
Colombia	0.0%	0.0%	-0.0%
Czech Republic	0.0%	0.0%	-0.0%
Egypt	0.0%	0.0%	0.0%
Hong Kong	0.3%	0.1%	0.1%
Hungary	0.0%	0.0%	0.0%
India	0.7%	0.6%	0.1%
Indonesia	0.1%	0.1%	0.1%
Isle of Man	0.0%	0.0%	-0.0%
South Korea	1.0%	0.8%	0.2%
Kuwait	0.0%	0.0%	-0.0%
Luxembourg	0.0%	0.0%	0.0%
Malaysia	0.2%	0.1%	0.1%
Mexico	0.3%	0.1%	0.2%
Pakistan	0.0%	0.0%	-0.0%
Peru	0.0%	0.0%	-0.0%
Philippines	0.0%	0.0%	-0.0%
Poland	0.0%	0.0%	-0.0%
Qatar	0.0%	0.0%	-0.0%
Russian Federation	0.2%	0.2%	0.0%
Saudi Arabia	0.1%	0.2%	-0.1%
South Africa	0.3%	0.2%	0.1%
Taiwan (Republic of China)	0.9%	0.8%	0.1%
Thailand	0.1%	0.1%	-0.0%
Turkey	0.0%	0.0%	0.0%
United Arab Emirates	0.0%	0.0%	-0.0%

Total	6.0%	6.0%	
--------------	-------------	-------------	--

Note: TCorp does not permit investment in jurisdictions or countries subject to sanctions under the Commonwealth Government Autonomous Sanctions Regulations. Regular screening of the Emerging Markets portfolios is performed to ensure compliance with this policy. The numbers may not add to the totals due to rounding. The benchmark for emerging markets equities is the MSCI Emerging Markets ex Tobacco Net Total Return Index Unhedged in Australian Dollars.

Emerging Market Debt as at 30 June 2021

As at 30 June 2021	% of NGF		
	Country	NGF %	Benchmark %
Angola	0.1%	0.0%	0.0%
Argentina	0.1%	0.0%	0.0%
Armenia	0.0%	0.0%	-0.0%
Azerbaijan	0.0%	0.0%	-0.0%
Bahamas	0.0%	-	0.0%
Bahrain	0.0%	0.1%	-0.0%
Barbados	0.0%	0.0%	-0.0%
Belarus	0.0%	0.0%	-0.0%
Belize	-	0.0%	-0.0%
Benin	0.0%	-	0.0%
Bolivia	-	0.0%	-0.0%
Brazil	0.5%	0.3%	0.1%
Cameroon	0.0%	0.0%	0.0%
Cayman Islands	0.2%	0.1%	0.1%
Chile	0.1%	0.2%	-0.1%
China	0.1%	0.3%	-0.2%
Colombia	0.4%	0.2%	0.2%
Costa Rica	0.0%	0.0%	-0.0%
Cote D'Ivoire	0.0%	0.0%	0.0%
Croatia	0.0%	0.0%	-0.0%
Czech Republic	0.1%	0.1%	-0.0%
Dominican Republic	0.1%	0.1%	0.0%
Ecuador	0.1%	0.0%	0.0%
Egypt	0.3%	0.1%	0.3%
El Salvador	0.1%	0.0%	0.1%
Ethiopia	-	0.0%	-0.0%
Gabon	0.0%	0.0%	-0.0%
Georgia	0.0%	0.0%	0.0%
Ghana	0.1%	0.1%	0.0%
Guatemala	0.0%	0.0%	-0.0%
Honduras	0.0%	0.0%	-0.0%
Hong Kong	-	0.0%	-0.0%
Hungary	0.1%	0.2%	-0.1%
India	-	0.0%	-0.0%
Indonesia	0.4%	0.4%	-0.1%
Iraq	0.0%	0.0%	0.0%
Isle of Man	0.0%	-	0.0%
Israel	0.0%	-	0.0%
Jamaica	0.0%	0.0%	-0.0%
Jordan	0.0%	0.0%	-0.0%
Kazakhstan	0.0%	0.1%	-0.1%
Kenya	0.0%	0.0%	0.0%
South Korea	0.0%	-	0.0%
Kuwait	-	0.0%	-0.0%
Lebanon	0.0%	0.0%	0.0%
Lithuania	-	0.0%	-0.0%

	Luxembourg	0.0%	0.0%	0.0%
	Macedonia, The former Yugoslav Republic of	0.0%	-	0.0%
	Malaysia	0.4%	0.3%	0.1%
	Mauritius	0.0%	-	0.0%
	Mexico	0.3%	0.4%	-0.1%
	Mongolia	0.1%	0.0%	0.1%
	Morocco	0.0%	0.0%	-0.0%
	Mozambique	0.0%	0.0%	-0.0%
	Namibia	0.0%	0.0%	-0.0%
	Nigeria	0.0%	0.0%	-0.0%
	Oman	0.0%	0.1%	-0.0%
	Pakistan	0.0%	0.0%	-0.0%
	Panama	0.1%	0.1%	-0.0%
	Papua New Guinea	-	0.0%	-0.0%
	Paraguay	0.0%	0.0%	0.0%
	Peru	0.1%	0.2%	-0.1%
	Philippines	0.0%	0.1%	-0.1%
	Poland	0.0%	0.3%	-0.3%
	Qatar	0.0%	0.1%	-0.1%
	Romania	0.1%	0.1%	-0.0%
	Russian Federation	0.3%	0.3%	-0.0%
	Saudi Arabia	0.2%	0.1%	0.1%
	Senegal	0.0%	0.0%	0.0%
	Serbia, Republic of	0.1%	0.0%	0.1%
	Slovak Republic	-	0.0%	-0.0%
	South Africa	0.6%	0.3%	0.3%
	Sri Lanka	0.0%	0.0%	-0.0%
	Suriname	0.0%	0.0%	-0.0%
	Taiwan (Republic of China)	-0.0%	-	-0.0%
	Tajikistan	-	0.0%	-0.0%
	Thailand	0.2%	0.3%	-0.1%
	Trinidad and Tobago	-	0.0%	-0.0%
	Tunisia	-	0.0%	-0.0%
	Turkey	0.1%	0.2%	-0.1%
	Ukraine	0.1%	0.1%	0.1%
	United Arab Emirates	0.1%	0.1%	-0.0%
	Uruguay	0.1%	0.1%	-0.0%
	Uzbekistan	0.0%	0.0%	0.0%
	Venezuela	0.0%	-	0.0%
	Vietnam	-	0.0%	-0.0%
	Virgin Islands, British	0.0%	0.1%	-0.0%
	Zambia	0.0%	0.0%	0.0%
	Total	6.0%	6.0%	
	Note: TCorp does not permit investment in jurisdictions or countries subject to sanctions under the Commonwealth Government Autonomous Sanctions Regulations. Regular screening of the Emerging Markets portfolios is performed to ensure compliance with this policy. The numbers may not add to the totals due to rounding. The benchmark for emerging market debt is 50% JP Morgan EMBI Global Diversified Index Unhedged in Australian Dollars & 50% JP Morgan GBI-EM Global Diversified Index Unhedged in Australian Dollars.			
p. 35	<p>Mr DAVID SHOEBRIDGE: Sorry, it is coming through rather haphazardly at my end. It probably is my connection. Do you know what the current projected deficit or funding ratio is for icare for its workers compensation division?</p> <p>Mr GARDNER: I am not aware of the Nominal Insurer's funding ratio, no.</p> <p>Mr DAVID SHOEBRIDGE: Can you provide that on notice and [disorder]?</p> <p>Mr GARDNER: I just reiterate that that obviously sits outside of our remit and oversight, so we can seek that information from SIRA and icare on notice.</p>			

RESPONSE

	FY21 Actual (draft unaudited)	FY22
Accounting Funding Ratio	99%	97%
Insurance Ratio	122%	120%

The Accounting Funding Ratio measures the ratio of scheme assets to scheme liabilities (per financial reporting measurements). The claims liability in this ratio is discounted at Australian Commonwealth Government bond rates, i.e. the risk-free rates.

The Insurance Ratio measure uses the expected return from the investment assets as the discount rate for the claims liabilities. This is noted by the McDougall Review as a more realistic appraisal of the Nominal Insurer's financial position.

In his recent review of the Nominal Insurer, Mr McDougall, based on advice from Custom Sergeant, found that "*any suggestion that the scheme's financial sustainability is currently in doubt is, in my opinion, unsupportable*".

pp. 35-36

The Hon. MARK LATHAM: We have had two years and the first cab off the rank was the Department of Education. Going to the *Budget Paper No. 2, Outcomes Statement* and looking at the Department of Education in vocational education and training [VET], there are three indicators graphed on pages 2-11 and 2-12 and they are all in decline. Our VET outcomes measured on those pages are all dipping downwards. After two years of outcome-based budget in the Department of Education, what is the intervention that Treasury makes to say, "Your outcomes are negative. These indicators are distressing. The policies must be problematic"? What are the interventions to actually change policy to improve the outcomes?

Mr PRATT: A number of things. Treasury has discussions with its relationship managers with each of the clusters. The Education team in Treasury would be discussing those outcomes with the Education department's responsible people. Secondly, the Secretary of Education would report back on this through the Secretaries Board and progress that they are making. I would imagine there would be other forums within Education itself with the Education Minister – that I am not a party to – where these things would be discussed.

The Hon. MARK LATHAM: Can you take on notice what the results of the discussions might be that change policy direction to improve the outcomes? Can I take you to the Stronger Communities Cluster at page 7-9 of *Budget Paper No. 2*? One of the terrible shames in our State is the large number of children and young people at risk of significant harm. There are tens of thousands of them around the State. Over the past five years the proportion of children and young people re-reported at risk of significant harm within 12 months has not moved; it is still at 40 per cent. What happens there in an absolutely critical area of child welfare—the most important responsibility you can have in the public sector and public life—to try and improve that number to bring down the re-reporting ratio to protect our children so they can sleep safely at night?

Mr PRATT: Obviously I fully agree, Mr Latham, and what I can say is that Michael Coutts-Trotter, the secretary of that cluster, has a laser focus on both the children's issue and domestic violence. There is regular reporting that goes to the

	<p>Secretaries Board on this and I am happy to come back with those actions through Mr Coutts-Trotter. If you would like me to, I will take it on notice. I just want to reassure you that there is a very strong focus by that cluster on those issues.</p>
	<p><u>RESPONSE</u></p> <p>Outcome and Business Plans have been developed by Clusters to support ongoing management across the suite of State Outcomes. These plans detail trends in the performance of Outcomes and Outcome Indicators to inform conversations on their effectiveness. The Plans are reviewed on a quarterly basis and updated annually to inform Government’s ongoing strategic allocation of public resources and Budget decision-making processes.</p> <p>Decreasing the proportion of children re-reported at risk of significant harm is a key priority for the Department of Communities and Justice (DCJ) as it demonstrates the effectiveness of support provided to vulnerable families to make children safer.</p> <p>Despite significant efforts to reduce the re-reporting rate, meeting the Premier’s Priority to reach a re-report rate of 32.3% by 2022-23 remains challenging.</p> <p>DCJ has established a re-reporting taskforce to develop and implement interconnected, evidence-based strategies that will result in significant system change including interventions focussed on:</p> <ul style="list-style-type: none"> • Improving the assessment of Risk of Significant Harm reports • Focussing casework interventions on key areas • Greater assurance on decisions to close cases. <p>It is expected that once fully implemented, these interventions will result in more families getting the right support at the right time, and the re-report rate will reduce.</p>
<p>p. 36</p>	<p>The Hon. MARK LATHAM: We hear a lot about the laser-like focus, but it is supposed to result in measured improvements in outcomes—in this case, for vulnerable young children. I hope your reply on notice actually goes to that question of outcomes. I take you to page 7-8 of the same document where, despite enormous effort and expenditure in domestic violence, the number of people charged with a domestic violence assault who had an earlier domestic assault charge in the past 12 months—these are repeat offenders—has anchored over the past five years at 1,800. Why is that?</p> <p>Mr PRATT: That is really a question for the cluster. But as you would appreciate, these are incredibly complex and difficult issues and you do not turn the dial quickly on this. What I can say is that it is getting the attention that you hope it would. These questions are directly for the clusters. I will take on notice what I can get for you. I really appreciate you asking about outcomes because that is the language we want around government. The more you do that, the better we are going to be, so thank you.</p>
	<p><u>RESPONSE</u></p> <p>Reducing the number of domestic violence re-offenders continues to be challenging and a focus for the NSW Government. Numerous evidence-based programs aimed at reducing reoffending have been implemented, including EQUIPS, ENGAGE and What’s Your Plan.</p>

	<p>The NSW Government is committed to the continued improvement of these programs and the domestic and family violence service system more broadly; as such, it is currently evaluating the effectiveness of key programs in line with recommendations in the <i>KPMG Evaluation of the NSW Domestic and Family Violence Blueprint for Reform 2016-2021</i>. This work will be used to inform future decision-making about program enhancement, continuation, and expansion.</p>
p. 36	<p>The Hon. MARK LATHAM: In terms of transparency and proper budgeting, why is it that in <i>Budget Paper No. 1</i> at page 4-6 under table 4.3 "New revenue measures" you list domestic and family violence funding with \$40 million increased outlays for each of the past two years? Why is that regarded as a revenue measure?</p> <p>Mr PRATT: I would have to get Mr Midha to check that.</p> <p>Mr MIDHA: I will check that and come back to you. I am sorry, I will need to take that on notice because it is a specific line.</p>
	<p><u>RESPONSE</u></p> <p>This reflects expected funding to be received from the Commonwealth under a Domestic Violence National Partnership announced in the 2021-22 Commonwealth Budget.</p>
pp. 37-38	<p>Mr DAVID SHOEBRIDGE: Given Treasury's role in terms of the connection between the Treasurer and icare, can you give any data at all about the number of workers compensation claims related to COVID and, in particular, how many of them have used the deeming provisions that Parliament put in last year?</p> <p>Mr GARDNER: We will have to take those questions around that sort of granular level of data on notice. The Committee did not request Mr Harding to join us; he would be a far better source of that information.</p>
	<p><u>RESPONSE</u></p> <p>Data on COVID-19 claims is published on icare's website at www.icare.nsw.gov.au</p> <p>.</p>
p. 38	<p>Mr DAVID SHOEBRIDGE: Mr Pratt, moving to a different matter, the New South Wales Government provided a \$5.5 million grant to the Australian Clay Target Association to provide a conference centre outside Wagga Wagga. What was Treasury's role in approving that and when were decisions made within Treasury to approve that funding?</p> <p>Mr PRATT: I have to take that on notice, Mr Shoebidge.</p>
	<p><u>RESPONSE</u></p> <p>The grant referred to was made from the Restart NSW Fund (the Fund), which was reported in a previous budget paper (2018-19 Budget Paper Number 2 Infrastructure Statement page C-6).</p> <p>Treasury does not have a decision-making role in relation to approving Restart NSW Fund grants. However, it performs an administrative role in signing the funding deeds for any grant that has been approved to a non-government entity, including in this case.</p>

p. 38	<p>Mr DAVID SHOEBRIDGE: When the current Premier was Treasurer, what role did she have in the assessment, the review or the approval of that \$5.5 million grant?</p> <p>Mr PRATT: Again, I will take that on notice. I am not able to comment on that.</p>
	<p><u>RESPONSE</u></p> <p>Grants paid out of the Restart NSW Fund are managed through an agreed governance process. ERC endorses the proposed expenditure. Once endorsed, the Treasurer on the recommendation of Infrastructure NSW (INSW) and in accordance with the <i>Restart NSW Fund Act 2011</i>, formally approves the use of the funds from a designated account.</p> <p>NSW Treasury performs an administrative function in signing the funding deed for non-government entities. INSW then monitors and manages the project through the funding deed. This process was followed for the grant referred to in the question.</p>
p. 39	<p>Mr DAVID SHOEBRIDGE: But I assume in this regard you are speculating, because you say you do not know Treasury's role. Can you give us a detailed chronology of what Treasury's role was and who the decision-makers in Treasury were in relation to this grant?</p> <p>Mr PRATT: I will certainly commit to giving you what I can, Mr Shoebridge, yes.</p>
	<p><u>RESPONSE</u></p> <p>Please refer to response 38 for the detailed process for the approval of this grant.</p> <p>Section 8 of the Restart NSW Act 2011 sets out the preconditions for Fund grant approval. This includes the requirement for a recommendation from Infrastructure NSW to fund all or any part of the cost of a project.</p> <p>Treasury does not have a decision-making role in relation to approving Fund grants. However, it performs an administrative role in signing the funding deeds for any grant to a non-government entity that has been approved, including in this case.</p>