



Treasury

Your Reference:

Director – Budget Estimates Secretariat
Parliament House
Macquarie Street
SYDNEY NSW 2000

Dear Director,

Budget Estimates, August 2021

I write to advise of three corrections and clarifications which are required to the evidence I provided at the Budget Estimates hearing for the Treasury portfolio held on Friday, 20 August 2021.

Please find attached the sections of the transcript to which the corrections apply and the requested corrections to be made.

Yours sincerely,

Michael Pratt AM
Secretary

17 / 09 / 2021

The **first correction** applies to page 28 of the transcript.

An incorrect form of words was used in this discussion which is recorded in the transcript. There has been no breach of the Fiscal Responsibility Act 2012 (“the Act”). Rather, the Act provides targets (Part 2 – Fiscal Targets and Principles, Section 6 – Fiscal Targets), some of which the Government has not met.

The uncorrected version states:

Mr PRATT: Mr Latham, I will just mention, though, that in respect to the expense issue, these have obviously been really challenging times with putting money in to support COVID across Government, so these are most unusual times for all of us. Therefore, that has led to those expense breaches, as you are well aware [disorder].

The Hon. MARK LATHAM: Yes. But I have been looking for the extraordinary time clause in the Fiscal Responsibility Act and I cannot find it. It is a legislated law in New South Wales, and you would expect compliance with it. I am just asking—we have two years of breaches. Is it three, four, five, six years where it is determined that the Act has been breached in substance?

Mr PRATT: The Government has committed, as Mr Midha has mentioned, to look at complying with these requirements. That is the intent. We are working to try to do that. But at the moment, the expense issue is a very challenging one.

The corrected version states:

Mr PRATT: Mr Latham, I will just mention, though, that in respect to the expense issue, these have obviously been really challenging times with putting money in to support COVID across Government, so these are most unusual times for all of us. Therefore, that has led to the Government not meeting some targets set by the Act, as you are well aware [disorder].

The Hon. MARK LATHAM: Yes. But I have been looking for the extraordinary time clause in the Fiscal Responsibility Act and I cannot find it. It is a legislated law in New South Wales, and you would expect compliance with it. I am just asking – we have two years of breaches. Is it three, four, five, six years where it is determined that the Act has been breached in substance?

Mr PRATT: The Government has committed, as Mr Midha has mentioned, to look at complying with these requirements. That is the intent. We are working to try to do that. But at the moment, meeting the expenses target is very challenging.

The **second correction** applies to page 29 of the transcript.

An incorrect form of words was used in this discussion which is recorded in the transcript. There has been no breach of the Fiscal Responsibility Act 2012 (“the Act”). Rather, the Act provides targets (Part 2 – Fiscal Targets and Principles, Section 6 – Fiscal Targets), some of which the Government has not met.

The uncorrected version states:

Mr PRATT: Mr Latham, can I just say that I would not want you to take away from this discussion that we are not focused on this. We are. The issue around expense management gets a lot of ongoing focus. As I said, at the extraordinary point we find ourselves, a significant amount of this breach is related to COVID spend. As far as I am aware, the Government is very committed around triple-A. As you know, we have kept one triple-A

with Moody's. As far as I am aware, the Government is committed to getting the other triple-A standing back from S&P.

The corrected version states:

Mr PRATT: Mr Latham, can I just say that I would not want you to take away from this discussion that we are not focused on this. We are. The issue around expense management gets a lot of ongoing focus. As I said, at the extraordinary point we find ourselves, COVID spend accounts significantly for the Government not meeting some targets set by the Act. As far as I am aware, the Government is very committed around triple-A. As you know, we have kept one triple-A with Moody's. As far as I am aware, the Government is committed to getting the other triple-A standing back from S&P.

The **third correction** applies to page 38 of the transcript.

An incorrect form of words was used in this discussion which is recorded in the transcript. The policy being referred to is called Test-and-Isolate, not Vaccine-and-Isolate.

The uncorrected version states:

Mr PRATT: Treasury is rightly largely directed by the health directions, as you would appreciate, in terms of health policy. This is evolving and continues to evolve very quickly. An example of what I am talking about now is we have recently just instigated a vaccine-and-isolate policy, so there is a payment for that, and these are things that we are working closely with Health in. On this specific issue, let me check with Mr Walters, but I am not sure if we have been asked to model any of that at this point.

The corrected version states:

Mr PRATT: Treasury is rightly largely directed by the health directions, as you would appreciate, in terms of health policy. This is evolving and continues to evolve very quickly. An example of what I am talking about now is we have recently just instigated a test-and-isolate policy, so there is a payment for that, and these are things that we are working closely with Health in. On this specific issue, let me check with Mr Walters, but I am not sure if we have been asked to model any of that at this point.
