Budget Estimates

Portfolio Committee No 1 – Premier and Finance

TREASURY AND ENERGY

Monday, 22 August 2022

PRESENT

The Hon. Matthew Kean, Treasurer

QUESTIONS ON NOTICE

QUESTIONS ON NOTICE

QoN #	Transcript page #	Question
1	28	**Mr JUSTIN FIELD:** Treasurer, I want to draw your attention to Chart 10.5 of the budget *Outcomes Statement 2022-23*. **Mr MATT KEAN:** Could you provide me with a copy? **Mr JUSTIN FIELD:** It's coming your way. Chart 10.5 is the carbon dioxide equivalent emitted annually in New South Wales. It's all about your delivery of your 50 per cent reduction by 2029-2030. Why is there a dotted line after 2019? Do we not have any actual emissions figures for New South Wales since 2019? **Mr MATT KEAN:** I might just have to refer that question to Rachel Parry or Kate Wilson. Dr Wilson? **KATE WILSON:** That represents modelling which is publicly available through the EPA's state of the environment report. **Mr JUSTIN FIELD:** As of last week, I believe. Yes, it's only very recently gone up there, hasn't it? **KATE WILSON:** No, it's been there for several months. I couldn't tell you when it was made available, but I know that I personally refer to it quite frequently. That modelling is the modelling for our current policies, which are targeted at 2030. The net-zero plan goes up to 2030. It doesn't include all of — the modelling is constantly being revised. There will be updated modelling released, I think, later this year or early next year, which takes into account new policies. So, for example, the hydrogen strategy is not included in this current modelling that's been released. **Mr JUSTIN FIELD:** Maybe I'll ask some more questions about that this afternoon. I've got answers to questions on notice which suggested that these assumptions had gone up on 12 July this year. Dr Wilson, if you could, why is there a dotted line after 2019? Why don't we have any more current actual emissions? **KATE WILSON:** Because that's assuming — I guess that's essentially saying our focus is on up to 2030, which is when we've got certainty around our modelling. I assure you it's very detailed modelling, looking at all of the components of each of the plans and programs under the net-zero plan. After that our assumptions become much less certain, so the dotted line is reflecting that. **Mr JUSTIN FIELD:** Yes, but it's 2022 and the dotted line starts in 2019. I'm just wondering why we don't have more —

		KATE WILSON: My apologies, sorry. I thought it started in 2030. I'll have to take that on notice. I can probably answer this afternoon.
		RESPONSE: Chart 10.5 in the NSW Budget 2022–23 Budget Paper No.2: Outcomes Statement includes data from the NSW Greenhouse Gas Inventory to 2018–19. At the time of compiling the graph, this was the latest inventory year for which data was published by the Australian Government. Data for the 2019–20 inventory year was published in June 2022. The dashed line in the graph is based on emissions projections delivered and published by the NSW Department of Planning and Environment (DPE) in September 2021, as published in the NSW State of the Environment 2021 report. DPE's emissions projections are delivered by year out to 2050. For the purpose of State Outcome Indicator reporting, reference is made to the DPE emissions projections for recent and near-term years (2019–20 to 2022–23), hence the data in Chart 10.5 includes projections for these years.
2	39	**The Hon. DANIEL MOOKHEY:** —and your bailouts. This is now about you and your bailouts. In the past three years, we have had to—you and your predecessor as Treasurer have jointly signed off on $3.9 billion worth of bailouts for the Treasury Managed Fund after icare systemically mismanaged the scheme. Do you anticipate that we're going to have to pay any more bailouts on the TMF? **Mr MATT KEAN:** I anticipate that we will always stand by injured workers. That's what I anticipate. **The Hon. DANIEL MOOKHEY:** Given that you and your Government, in the past three years, have signed off on nearly $4 billion worth of bailouts, do you have confidence in icare? **Mr MATT KEAN:** I should say that some of those moneys also include the cost of dealing with the floods— **The Hon. DANIEL MOOKHEY:** How much? **Mr MATT KEAN:** We can get you those figures.
		RESPONSE: As at 22 August 2022, the Treasury Managed Fund has incurred $317 million of claims for floods in 2021-22.
3	42-43	**The Hon. DANIEL MOOKHEY:** Treasurer, what's the current balance of the NSW Generations (Debt Retirement) Fund as of 30 June 2022? **Mr MATT KEAN:** Can you repeat the question?

		The Hon. DANIEL MOOKHEY: What is the balance of the NSW Generations (Debt Retirement) Fund as of 30 June 2022? **Mr MATT KEAN:** The debt retirement fund—$14.7 billion. **The Hon. DANIEL MOOKHEY:** So the fund lost $400 million last year. Is that correct? **Mr MATT KEAN:** Mr Midha, would you like to— **SAN MIDHA:** Yes. As of last month, it's at 15.3, back to where it was. **The Hon. DANIEL MOOKHEY:** Sure. There has been a balance in equities— **SAN MIDHA:** Yes. **The Hon. DANIEL MOOKHEY:** —but that's why we measure it every financial year, as you often tell me. In the last financial year, we've lost $400 million in the NSW Generations Fund. Treasurer, where are we up to with the divestment of our Russian assets? **Mr MATT KEAN:** We have divested our Russian debt, I believe. Our Russian equities, we have written down to zero. Obviously, as I mentioned to you last year, we've commissioned a review into our investing strategy around ESG. That's why Pru Bennett has been commissioned to do a review into our ESG investment strategy. I've just received that report, and we look forward to New South Wales leading the way when it comes to ESG investing. **The Hon. DANIEL MOOKHEY:** I'm glad. Then can you explain to me, how much money have we had to write off after we invested it in Mr Putin's Russia? **Mr MATT KEAN:** As you know, the New South Wales Government has a broad and diverse investment portfolio. **The Hon. PENNY SHARPE:** How much did it cost taxpayers? **Mr MATT KEAN:** I'm trying to get to the question. That portfolio invested in a range of assets, from bonds to equities to— **The Hon. DANIEL MOOKHEY:** Russian equities, yes. **Mr MATT KEAN:** —a range of things. As I said, we've written down— **The Hon. DANIEL MOOKHEY:** How much? **Mr MATT KEAN:** —those equities, and we've written off—we've sold down our debt, I think. **The Hon. DANIEL MOOKHEY:** Equities. How much have we written off on the equities? **Mr MATT KEAN:** We can take that on notice.
		RESPONSE:

		On 18 March 2022 the value of the Russian equities was written down to zero (in line with the approach taken by global institutional investors). This resulted in a $6.2 million write-down on the NSW Generations (Debt Retirement) Fund's holdings in Russian equities.
4	47	**The Hon. PENNY SHARPE:** Minister, to go back to the pressure on electricity supply heading into 2024, do you guarantee that the energy gap will be able to be covered? **Mr MATT KEAN:** With regard to the gap as outlined in the ESU or the Energy Security Target Monitor Report? **The Hon. PENNY SHARPE:** We went through, before, the closure and impending closure and possible closure of a number of power stations. We went through the pressures on Mount Piper in relation to coal supply. We also talked about the ongoing delays with Snowy 2.0. There is an emerging gap. You've said you've got a lot of programs in place. I'm asking you here to guarantee that we're not going to have the lights going out in 2024 as the pressure on that gap to replace coal-fired energy becomes more obvious. **Mr MATT KEAN:** Of course we'll guarantee that we will do everything to ensure that we keep the lights on and drive down electricity prices. That's what this Government has always done. Nothing will change, notwithstanding the challenging conditions that we've faced. Even in some of the most difficult conditions like we saw last month, we were able to meet our obligation to the public. We will always do our best and put in place the policies that will keep the lights on, drive electricity prices down and set this State up for a brighter and more prosperous future. I'll do that as Treasurer, as energy Minister and as a member of Parliament. **The Hon. PENNY SHARPE:** Terrific. Minister, do you understand that there are more people applying for help to pay their electricity bills than ever before? **Mr MATT KEAN:** Well, we've got some challenging economic circumstances. Inflation is obviously hurting families' hip pockets. That's not just inflation at the bowser; it's also inflation with regard to electricity bills. We are facing a unique set of circumstances when it comes to electricity bills. There is a confluence of events that are causing price hikes. **The Hon. PENNY SHARPE:** You may not have this with you, sure. This verbiage is very interesting but I actually want to know how many additional people from last year — whether it's done by calendar year or financial year, I'm not sure, but I'm sure your officials will be able to tell us — have applied for assistance to pay their electricity bills. You can take it on notice if you need to.

		Mr MATT KEAN: We can give you that answer this afternoon. But what I will say is that my expectation is that more people will be applying because of the increase in costs of electricity due to a number of factors, including the war in Ukraine, supply challenges, the wet weather that has impacted on coal, a number of rail lines being out and a number of existing coal generators not working when they need to.
		RESPONSE: Further to the evidence provided on page 63 of the uncorrected transcript, in the 2021 calendar year, an additional 71,885 households received assistance in paying their electricity bills through the NSW Government's Energy Social Programs (compared to 2020 calendar year). In the 2021 calendar year, a total of 1,156,827 households received assistance compared to total of 1,084,942 households in the 2020 calendar year.
5	56	**The Hon. DANIEL MOOKHEY:** What was the net result for the TMF for the financial year that ended on 30 June 2022? **SAN MIDHA:** Are you talking about the balance? **The Hon. DANIEL MOOKHEY:** No, the operating result. That's generally claims minus inflows. **SAN MIDHA:** I don't have the operating result of the TMF. **The Hon. DANIEL MOOKHEY:** That's okay. We can check with icare on Friday— **PAUL GRIMES:** We can get that information and provide that back during the course of the afternoon. **The Hon. DANIEL MOOKHEY:** I would appreciate that.
		RESPONSE: The accounting funding ratio for the Treasury Managed Fund was 105 per cent as at 30 June 2022.
6	56-57	**The Hon. DANIEL MOOKHEY:** Given the original $2 billion bailout was booked on the Crown finance entity accounts, where will the $1.9 billion show up in the State's accounts? **STEWART WALTERS:** For the 2022 year, it will show up under "administered costs". **The Hon. DANIEL MOOKHEY:** So has the $1.9 billion come from consolidated revenue? **STEWART WALTERS:** Correct. **The Hon. DANIEL MOOKHEY:** As a result of this, it's $1.9 billion—can you point to me where in the 2021-22 budget there was a $1.9 billion provision made for the TMF? **STEWART WALTERS:** I'll endeavour to look that up and come back to you.

		The Hon. DANIEL MOOKHEY: I'm talking about last year's budget. I can't find anything in last year's budget. **STEWART WALTERS:** Sorry, 2021-22? **The Hon. DANIEL MOOKHEY:** Yes. **STEWART WALTERS:** I'll have to get a copy of that.
		RESPONSE: In Budget Paper 4 of the 2022-23 Budget Papers, the Operating Statement for the NSW Self Insurance Corporation on page 10-5 shows the $1.9 billion contribution under the Revenue -Grants and Contributions income line (2021-22 'Revised' column). The $1.9 billion contribution was paid by the Crown. The contribution to the Treasury Managed Fund would form part of the figures reported by Treasury as 'Administered Items' in Budget Paper 4, page 10-1.
7	57	**The Hon. DANIEL MOOKHEY:** Mr Midha, did we budget $1.9 billion in last year's budget to bail out the TMF? **SAN MIDHA:** It was in the last year's budget? No. It was in this budget for 2021-2022. It wasn't in the 2021-22 budget. **The Hon. DANIEL MOOKHEY:** Where in the budget is it disclosed that we've taken out $1.9 billion? **SAN MIDHA:** I'll come back to you on that one.
		RESPONSE: See response to QoN 6.
8	57-58	**The Hon. DANIEL MOOKHEY:** Can we move onto the Federation Funding Agreements. Have we been able to establish what the $775 million cheque was that we gave back to the Commonwealth, what that covered? **PAUL GRIMES:** Yes. I'll hand over to Mr Midha. **SAN MIDHA:** So the money isn't handed back. What we do is we work out the payments from the Commonwealth based on the profiling of our CapEx — so CapEx profile over the last four years. Because we have capital slippage in there and as that's moved into the planning years — that amount has been moved into planning years on the potential completion of these projects. **The Hon. DANIEL MOOKHEY:** What projects have slipped?

		SAN MIDHA: The way we calculate capital slippage — and that is as a percentage of the overall portfolio. It's not done project by project. There's an algorithm that we use to work out what the potential capital slippage is. We build that into the 2022-23 year — of total amount. It's not a one-off. We do this on a regular basis. It's a capital slippage range between 10 per cent and 15 per cent. Last year for 2022-23 it was a little bit higher based on market constraints and the feedback we get from each of the infrastructure agencies — working with INSW, the algorithm then calculates the number. Once that flows through, we also ensure that a percentage of projects that have funding from the Commonwealth are also then readjusted as a percentage. **The Hon. DANIEL MOOKHEY:** No doubt. I appreciate the explanation. But the $750 million downward revision due to the deferral of planned capital expenditure isn't to next year or the year after; it's to beyond the forward estimates. That's what it says. It's gone. The other variations that are recorded in the forward estimates we'll get to, but can you give me any sense as to which projects have we had to reprofile now to outside the forward estimates on the capital side that were entitled to Federal funding? **SAN MIDHA:** We roll the capital slippage year by year. The capital slippage is actioned every year, so as you get to the last few years, it moves into the forward years. It's not done by project. It's done on a portfolio basis. **The Hon. DANIEL MOOKHEY:** Sure. But surely $715 million of reprofiling to beyond the forward estimates is not a small amount of money. Can we give any sense as to which projects across the entirety of the capital program that were entitled to funding through a Federation Funding Agreement have now been put beyond the forward estimates? Look, I'll even settle for if you can tell me a portfolio — is it Health? Is it schools? Is it infrastructure? What are we talking about here? **SAN MIDHA:** Again, it'd be a combination. Because the largest part of the portfolio is in Transport, I would expect mostly in Transport and particularly on roads. We get 80 per cent of funding for a lot of roads — 80 per cent of the funding comes from the Commonwealth. It does have to be a lot of — it can be spread over a number of different projects. But I would say our current portfolio is, about 70 per cent or 75 per cent is Transport. I would assume 75 per cent on that ratio, it would be Transport. **The Hon. DANIEL MOOKHEY:** These Federation Funding Agreements finish. So we've now deferred this entitlement to $715 million to beyond the four-year agreement. It says they expire here. I think 2025-26 is what we've established where a lot of these Federation Funding Agreements are due to expire. So there's no guarantee we're getting the money back, is there?

		SAN MIDHA: The Commonwealth funding is determined based on the actual completion of the projects. As the projects are completed, then that funding is provided. **The Hon. DANIEL MOOKHEY:** Sure. But the agreements need to be renegotiated, do they not? **SAN MIDHA:** I'll have to take that on notice. I'm not sure exactly on the technical nature of the agreements.
		RESPONSE: Payments from the Commonwealth Government to NSW for infrastructure projects are generally governed by inter-governmental agreements. As per Schedule D of the Intergovernmental Agreement on Federal Financial Relations, if there are project delays, the timing of specific payments from the Commonwealth to NSW can be changed by agreement between the affected parties (i.e. NSW and the Commonwealth).
9	58	**The Hon. JOHN GRAHAM:** I just want to ask a little bit further on that capital slippage issue. What's the observed capital slippage in recent years that you're now building this algorithm off for the general government sector? **SAN MIDHA:** Sure. If you go back 10 years, it's always been around between 10 per cent and 15 per cent. It had gone up through COVID between — above 15 per cent. In 2022-23 we have budgeted about 21 per cent impact of the total capital program. We believe it'll slip into the following years. **The Hon. JOHN GRAHAM:** That's the $8 billion that's referred to on page 511 of the budget papers? **SAN MIDHA:** That's right. **The Hon. JOHN GRAHAM:** So $8 billion of capital expenditure allocated for 2022-23 will actually not occur — is Treasury's estimation — in 2022-23? **SAN MIDHA:** That's the estimated slippage, yes. **The Hon. JOHN GRAHAM:** I turn to page 5-11 of *Budget Paper No. 1*. Table 5.3 shows the capital expenditure projected for the year in the budget as $22.666 billion. You're actually saying on top of that, another $8 billion has been programmed but will not occur. **SAN MIDHA:** It's not expected to occur; that's right. **The Hon. JOHN GRAHAM:** So it's been programmed and may have been promised to the public to occur in this financial year, but it will not occur. Is that correct? **SAN MIDHA:** It's not necessarily the full program; it could be bits of lots of programs that could be carried into the following years.

		The Hon. JOHN GRAHAM: When my colleague says, "Can you give us some understanding of where this is?", this has been allocated by agency, hasn't it? Much of that $8 billion has been allocated by agency. Is that correct? **SAN MIDHA:** No, we do it as a central provision. **The Hon. JOHN GRAHAM:** Yes, but you're saying none of this is allocated to an agency or a cluster. **SAN MIDHA:** No. **The Hon. JOHN GRAHAM:** Can you turn to *Budget Paper No. 3* at page 1-10? **SAN MIDHA:** Yes. **The Hon. JOHN GRAHAM:** This is table 1.2. In the 2022-23 year that "Other" figure down the bottom, $2.523 billion, also "includes provisions and slippage forecasts not allocated to an agency", if you look at footnote (d). **SAN MIDHA:** Yes. **The Hon. JOHN GRAHAM:** So essentially, a shorthand way to describe that would be a couple of billion dollars have not been allocated to an agency for capital slippage. I would have therefore assumed that the rest of the $8 billion slippage has been assigned to an agency or a cluster. Are you saying that's not the case? **SAN MIDHA:** This sounds like very specific items. I'll have to take that on notice and come back to you on how much of the $8 billion is in here versus the balance that's in the provision
		RESPONSE: Table 1.2 of Budget Paper No. 3 indicates non-financial public sector capital spending by Cluster. The capital slippage provision is held in the “Other” line on Table 1.2, as indicated by footnote (d). The “Other” line also includes all the spending that cannot be allocated to a Cluster, so the number indicated is net of this amount and the provision. The capital slippage provision reflects market capacity constraints (including supply chain constraints), historical performance and broader economic factors over the budget and forward estimates. It is not allocated against specific projects or programs but held centrally to help manage sector-wide risk and ensure more accurate aggregate budget estimates.
10	59	**The Hon. JOHN GRAHAM:** Let me put my colleague's question again, because it'd be quite surprising not to know this. This financial year, do we really not know which agencies — which clusters — will be

		impacted by that $8 billion that's been promised but that Treasury expects will slip out of the expenditure this year? **SAN MIDHA:** It happens every year that we do make a provision, so we believe that $8 billion is the number for 2022-23 and we've held that centrally. Yes, it's held centrally. **The Hon. JOHN GRAHAM:** You are saying this is 21 per cent of the planned capital expenditure you say the Government will fail to actually get it out into the field. It may have been promised, but it will fail to be spent on those projects in this year. **SAN MIDHA:** This is our estimate of the amount of cash that will go out the door — it will be $8 bill less than the total amount that's been projected. **The Hon. JOHN GRAHAM:** Can you tell us what that figure is? Almost $8 billion is an astonishingly high number in this financial year. It drops to $50 million in 2025-26. **SAN MIDHA:** Yes. **The Hon. JOHN GRAHAM:** What is the estimated capital slippage for the general government sector in the next two financial years? **SAN MIDHA:** I don't have that off the top of my head; I will take that on notice.
		RESPONSE: The capital underspend provision in 2022-23 represents approximately 21 per cent of the total 2022-23 capital program at the Non-Financial Public Sector level. This allowance for slippage is expected to trend downwards over the forward estimates until 2025-26, when the allowance reduces to zero. Overall, slippage is expected to average 15 per cent over the four years to 2025-26, which is towards the upper bound of historical trends.
11	60	**The Hon. JOHN GRAHAM:** Dr Grimes, can I ask a more specific point, then, as a transport shadow in the Opposition. As Mr Midha has correctly observed, a lot of this capital expenditure that's been promised by the Treasurer this financial year is in the Transport area. For Transport, how much of that $8 billion will never hit the town or the suburb this financial year, in Treasury's estimation? **PAUL GRIMES:** As Mr Midha has indicated, the estimates provision is made at an aggregate level, so it is not made at an individual project or individual portfolio level. It's made at an aggregate level. We simply do not make that attribution to specific projects or specific portfolios. It's based on an

		established tendency over a number of years now to see slippage in the capital projects expenditure. New South Wales is not alone in this; we're seeing it, really, right across the board. **The Hon. JOHN GRAHAM:** I understand. Why does the budget later, in *Budget Paper No. 3*, refer to "slippage forecasts not allocated to an agency" if they're all not allocated to an agency? Why is that a footnote to a number that's a lot smaller than $8 billion? **PAUL GRIMES:** I would have to take that on notice, Mr Graham.
		RESPONSE: See response to QoN 9.
12	60	**The Hon. JOHN GRAHAM:** So your evidence is Treasury just has no idea which of that $8 billion of Transport infrastructure that the Treasurer has promised will not be delivered this financial year. **PAUL GRIMES:** What I'm saying is that when that provision is made, that provision is made at an aggregate level and is determined on that basis. For very specific project estimates, you're best to direct those questions to the Transport portfolio. **The Hon. JOHN GRAHAM:** Does the algorithm that Mr Midha referred to differentiate between the Transport agency, and its tendency to capital slippage, or other agencies? **PAUL GRIMES:** I'd have to refer that to Mr Midha. **SAN MIDHA:** We look at more like tier 1, tier 2 projects, because the larger the projects, the greater the risk. We get feedback from Transport and the different agencies and also feedback from INSW, so that's factored in. But we don't specifically pick out individual projects, just the volume of tier 1 projects that could be impacted. For example, we would exclude land sales, because that's not impacted. There's no pressure in acquiring land, not usually. **The Hon. JOHN GRAHAM:** So it's actually based on quite a detailed analysis of the Transport projects. **SAN MIDHA:** It is a lot of detailed analysis, yes. **The Hon. JOHN GRAHAM:** It sounds, Mr Midha, as if you do know or you do have some knowledge of how much of that $8 billion might be attributable to Transport. **SAN MIDHA:** We don't have that. We don't actually do it at a detailed project level. Like I said, we look at all tier 1 projects, for example. **The Hon. JOHN GRAHAM:** I'm not asking about a project level; I'm asking about an agency or a cluster level. **SAN MIDHA:** I can take that on notice and have a look at it, but we do do it at an aggregate level.
		RESPONSE:

		See response to QoN 9.
13	Page 60-61	**The Hon. DANIEL MOOKHEY:** The budget provides for $22.666 billion in capital spending for the coming financial year that we're already in, and so $8 billion of that works out to be 35 per cent. That has to be a record high in terms of capital slippage. If the 22.666 that we're putting aside for capital includes an allowance for $8 billion, and you're therefore only expecting 14 of it to be spent, it works out to be 35 per cent. I've never seen this before. **SAN MIDHA:** Twenty-one per cent of the total number, so that's the $8 billion. **The Hon. DANIEL MOOKHEY:** It is extraordinarily high. **SAN MIDHA:** It used to be— **The Hon. DANIEL MOOKHEY:** What's changed from this year— **SAN MIDHA:** —10 per cent to 15 per cent. **The Hon. DANIEL MOOKHEY:** —to last year that has caused the capital slippage allowance to have to go up by so much? **SAN MIDHA:** Last year was—I'll have to look at the number, but I think it was north of 15 per cent, so it has been very high through COVID particularly.
		RESPONSE: The estimated capital underspend for the General Government Sector was approximately 24 per cent in 2021-22, largely driven by COVID-19 and market capacity issues. Actual capital expenditure will be provided in the report on State Finances later this year.
14	61-62	**Ms ABIGAIL BOYD:** Could I ask you about something completely different? The RFS—the rural firefighting equipment currently seems to not have a home. Let me go backwards. In June this year, the Auditor-General sent a letter out to councils basically saying that the councils are now required to include rural firefighting equipment in their financial statements. Do you know about this issue? That request from the Auditor-General was made on the basis of, apparently, the NSW Treasury concluding that, under the accounting standards, rural firefighting equipment vested to councils by legislation is not controlled by the State. Can I get some understanding of why that decision was made or why it was seen that councils were the ones with control over these assets? **STEWART WALTERS:** Just to provide some context, if I may, since 2017 the RFS has confirmed that it does not control the "red fleet" assets. Treasury did a technical assessment against the accounting standards—principally AASB No. 10, but also No. 15—in relation to those assets and confirmed that in 2018. Again, we relooked at that from a technical perspective—my officers—in 2021 and have

		reaffirmed that, on balance, the RFS does not control those assets. There is a very detailed assessment, but if I could summarise, for your benefit — **Ms ABIGAIL BOYD:** Please. **STEWART WALTERS:** — the key elements, that assessment determined that councils are responsible for establishing the brigades. They have a legal requirement for bushfire prevention and, indeed, as you pointed out, the assets are vested in councils. On balance, my team concluded that they are not controlled by RFS — sorry. They are not controlled by RFS so, on balance, it would appear that they are controlled by councils. The Auditor-General has audited the accounts of both the State — including the RFS, obviously — since then and the councils. They have, I would suggest, agreed with our determination, hence the exclusion in RFS has not resulted in any qualification or adverse comment. That much we know. As you pointed out, the Auditor-General has written to councils to ask them, "Please, would you include them in your accounts? They need to be included somewhere." **Ms ABIGAIL BOYD:** The problem arises because, from a practical perspective, councils don't control these assets. They don't know where they are and how many there are. They have no direction over those assets. They have absolutely no visibility of what those assets are. By asking them to include them in their accounts — it's an impossibility. I'm not as familiar with the accounting standards as you are, but was that included — the practical control aspect? **STEWART WALTERS:** Ms Boyd, I can't comment on all of the precise thinking that was gone through over weeks of assessment. What I can assure you of is that my accounting officers would have gone through all the requirements under the accounting standards, seeing it through, dare I say, primarily the accounting standards lens rather than the practical. They would look at the accounting standards. You did make a point around the councils having the information to hand. I should note that we have obtained more recently the listings of the assets from RFS and indicative costs and have provided those through to the president of the local councils association to assist them with that. **Ms ABIGAIL BOYD:** It's a bit of a fiction though, isn't it? We have a situation where there are assets, which the RFS knows where they are and the RFS directs where they go, yet we are asking councils to treat them as though they are in their control by giving them a list and telling them, "By the way, these are the ones that are in your area." It doesn't seem to make any sense as to why it would've been done that way instead of just saying that, given that they are practically controlled by the RFS — if there was a discretion on balance, that you would've just left them with the RFS.

		STEWART WALTERS: I'm happy to take this on notice. As I understand, the RFS doesn't control the assets from a day-to-day perspective. The brigades control them at a practical level on the ground, generally on council land. As I understand, the RFS is more of a central bureaucracy that controls standards and gets involved when there is a major bushfire event. It's the local brigades that are volunteers on the ground that are there day to day and control the actual assets.
		RESPONSE: Treasury has assessed that red fleet assets that are vested to local councils are not controlled by the Rural Fire Service for accounting purposes. While an assessment of control under the accounting standards must be made by individual councils, the State's view remains that, on balance, local councils control these assets for accounting purposes. See Attachment 1: NSW Treasury's Accounting paper for more information.
15	63	**The Hon. PENNY SHARPE:** I wanted to follow up from some of my questions this morning about the figures for the Energy Accounts Payment Assistance scheme and any others, so Ms Parry? **PAUL GRIMES:** Yes, Ms Parry. **The Hon. PENNY SHARPE:** Sorry, Dr Grimes, Ms Parry was nodding. **RACHEL PARRY:** We have two questions that you asked that we will respond to. The first is on the Peak Demand Reduction Scheme. As you know, the scheme will commence in November of this year. You asked how much would be raised for peak charges from the scheme. The Government estimates scheme targets between now and 2030 will cost $234 million in present value terms. The majority of this money will not be paid to the Government. It will be paid by retailers to households and businesses to reduce demand for electricity during peak times. Following from that, we got some estimates on how many certificates we're actually anticipating as part of the modelling. The certificate target for the first year in 2022-23 when the scheme starts, is expected to be about four million certificates. Each certificate represents 0.1 kilowatt of demand reduction capacity and a certificate can be created for demand reduction capacity in this or future summer periods. **The Hon. PENNY SHARPE:** Do you have the breakdown of that between households versus businesses? **RACHEL PARRY:** I don't have to it to hand. **The Hon. PENNY SHARPE:** I'm happy if you take it on notice.

		RESPONSE Please refer to the answer given later in the hearing on page 85 of the uncorrected transcript.
16	66	**The Hon. JOHN GRAHAM:** I turn to the budget allocations for the toll policy changes that have occurred in this budget. There's two of those. One is the new toll rebate. The budget indicates that's worth $520 million over two years. What is the date, for budgeting purposes, when that two years concludes? **PAUL GRIMES:** I might refer to Ms Campbell. **SONYA CAMPBELL:** Thank you, Dr Grimes. I was not directly involved in that work, but I believe the two years applies from the time of the budget midyear. So I would expect it would be around June 2024. **The Hon. JOHN GRAHAM:** So June 2024, but that wouldn't take it into the 2024-25 year. Okay. Is the $520 million allocated equally over the next two financial years? Or does it fall more heavily in one or the other? **SONYA CAMPBELL:** My colleague Mr Midha might have further detail on how that's been allocated across the years. I don't have that specific information, Mr Graham. **SAN MIDHA:** I will come back to you a little bit later today and give you that number. **The Hon. JOHN GRAHAM:** Great. Essentially, if you could give us the expenditure on the new toll rebate for 2022-23 and then for 2023-24—if I've just understood the first answer correctly. Then the budget sets out the amount that's been removed as a result of the registration support being withdrawn. How many drivers are expected to receive assistance through the new toll rebate in this financial year? **SAN MIDHA:** I'll take that on notice. **The Hon. JOHN GRAHAM:** Could you take that on notice for both financial years? **SAN MIDHA:** I will. **The Hon. JOHN GRAHAM:** Great. Just to make the obvious point, what you're telling us is that in 2024-25 and in 2025-26 the amount of money allocated in the budget to the toll rebate is currently zero? **SAN MIDHA:** It is for two years. So it would be 2022-23 and 2023-24. **The Hon. JOHN GRAHAM:** And after that it'll be zero and zero. That's because we're waiting for this toll inquiry to unfold and then that may impact on the policy settings? **SAN MIDHA:** That's correct.
		RESPONSE:

<table>
<tr><td></td><td></td><td>Please refer to the answer given later in the hearing on page 78 of the uncorrected transcript.</td></tr>
<tr><td>17</td><td>66-67</td><td>The Hon. DANIEL MOOKHEY: Can we go to the road toll line item, which is on page 4-20. It says that $164 million in revenue is expected this budget from our road tolls. I presume that will now encompass the Harbour Bridge and the harbour tunnel?
SONYA CAMPBELL: I believe that's correct, Mr Mookhey.
The Hon. DANIEL MOOKHEY: Can you tell us, how much of that is from the bridge and how much is from the tunnel?
SONYA CAMPBELL: I don't have those specific details.
The Hon. DANIEL MOOKHEY: Can we take it on notice?
SONYA CAMPBELL: Yes.</td></tr>
<tr><td></td><td></td><td>RESPONSE:
The breakdown of toll revenue for the 2022-23 forward estimates is as follows:
<table>
<tr><td>Sydney Harbour Bridge</td><td>$80.51 million</td></tr>
<tr><td>Sydney Harbour Tunnel</td><td>$43.24 million</td></tr>
<tr><td>Fees earned by E-Toll tags on trips made to foreign motorways (including roaming charges)</td><td>$22.06 million</td></tr>
<tr><td>Other fees and charges</td><td>$18.53 million</td></tr>
<tr><td>Total</td><td>$164 million</td></tr>
</table></td></tr>
<tr><td>18</td><td>67</td><td>The Hon. JOHN GRAHAM: Can I put a different question to the same end? While that's the average growth, the figure jumps in 2025-26 quite significantly. What are the assumptions that underlie that jump from $177 million to $227 million over the course of one year?
SONYA CAMPBELL: I don't know those specific details, but I'm happy to take that on notice, Mr Graham.
The Hon. JOHN GRAHAM: But you agree this couldn't just simply be a straight-off toll rise on the bridge or the tunnel that Treasury is building in? That would be a very significant jump in the tolls on both those roads to produce that jump in revenue.
SONYA CAMPBELL: Those assumptions predate my time in this role, Mr Graham, but I think it would be fair to say that there is no decision by government, at this time, around any changes to toll prices.
The Hon. JOHN GRAHAM: I accept that. I am asking what are the Treasury assumptions that have been built into the budget about what the policy might be in that financial year to produce this revenue change?</td></tr>
</table>

<table>
<tr><td></td><td></td><td>SONYA CAMPBELL: I might refer to my colleague Mr Midha in case he has an answer for that.
SAN MIDHA: I'll take it on notice, but I believe that line comes in from Transport, so we need to check that.
The Hon. DANIEL MOOKHEY: It's a $50 million rise in one year, which works out to be 20-ish per cent.
PAUL GRIMES: Yes, it's a reasonable question. We need to check with Transport and find out the basis for that increase.</td></tr>
<tr><td></td><td></td><td>RESPONSE:
The year on year growth from 2021-22 is driven by the recovery of traffic levels to pre-COVID volumes.

For 2025-26, the increase of toll revenue is driven by the assumed opening of M6 Stage 1 and the Western Harbour Tunnel. The opening dates of these motorways may be revised on advice of the project teams as construction approaches completion.</td></tr>
<tr><td>19</td><td>67</td><td>The Hon. DANIEL MOOKHEY: I'm going to pre-empt the circuit that I usually do every six months between you and Transport on this by asking you to provide me on notice, if you don't mind, with the breakdown in revenue in that line item — road tolls on Table 4.9 — for each year of the forward estimates between the Harbour Tunnel and the Harbour Bridge.
PAUL GRIMES: Yes, I'm happy to take that on notice.</td></tr>
<tr><td></td><td></td><td>RESPONSE:
The breakdown of toll revenue in the forward estimates is:
<table>
<tr><th></th><th>2022-23 ($ million)</th><th>2023-24 ($ million)</th><th>2024-25 ($ million)</th><th>2025-26 ($ million)</th></tr>
<tr><td>Sydney Harbour Bridge</td><td>$80.51</td><td>$80.95</td><td>$81.39</td><td>$81.54</td></tr>
<tr><td>Sydney Harbour Tunnel</td><td>$43.24</td><td>$43.54</td><td>$43.86</td><td>$44.20</td></tr>
<tr><td>Fees earned by E-Toll tags on trips made to foreign motorways (including roaming charges)</td><td>$22.06</td><td>$22.92</td><td>$23.43</td><td>$23.95</td></tr>
<tr><td>Other fees and charges</td><td>$18.53</td><td>$25.16</td><td>$28.48</td><td>$30.15</td></tr>
<tr><td>Western Harbour Tunnel and M6</td><td>-</td><td>-</td><td>-</td><td>$47.18</td></tr>
<tr><td>Total</td><td>$164</td><td>$173</td><td>$177</td><td>$227</td></tr>
</table></td></tr>
<tr><td>20</td><td>69</td><td>The Hon. DANIEL MOOKHEY: The $1.6 billion "allocated through a competitive grants process that is open to applications from community groups, non-government organisations and local councils" —</td></tr>
</table>

		actually, before we move on from the 400, can I invite you on notice, Dr Grimes, to provide a table in some form that would identify how much of that $400 million has gone to which local government council, or is likely to? **PAUL GRIMES:** Yes, we can provide a breakdown of how that $400 million has been— **The Hon. DANIEL MOOKHEY:** By each of the 15? **PAUL GRIMES:** Yes, it's been allocated. Each of the councils knows the amount that is allocated to them. **The Hon. DANIEL MOOKHEY:** Yes, if we can get that— **PAUL GRIMES:** Yes, we can do that. We'd provide that to you on notice. **The Hon. DANIEL MOOKHEY:** Of the $1.6 billion that has been allocated to competitive grants, how many applications have been received? **PAUL GRIMES:** I haven't got those figures immediately in front of me. I'll see if Mr Midha has. Otherwise, you'll have to bear with me while I see if I can bring them up. **The Hon. DANIEL MOOKHEY:** If we're going to do a data request, can I ask— **PAUL GRIMES:** Bearing in mind, Mr Mookhey, that the administration of the program rests with the Department of Premier and Cabinet, with the WestInvest program office. But I have a sneaking suspicion I may have the— **The Hon. DANIEL MOOKHEY:** But you're chairing the steering committee. **PAUL GRIMES:** I understand that, so I may be able to find the information, but—
		RESPONSE: Approximately $400 million non-competitive funding has been allocated to the Community Project Grants – Local Government Allocation of the WestInvest Funding Program. Each of the 15 councils are eligible for an amount between $21 million and $35 million. This is made up of a $20 million base allocation plus $38 per head of population based on the Australian Bureau of Statistic's 2020 data. The breakdown of funding allocation by Local Government Area (LGA) is:

LGA	Allocation ($m)
Blacktown City Council	$34.6
Blue Mountains City Council	$23.0

<table>
<tr>
<td></td>
<td></td>
<td>
<table>
<tr><td>Burwood Council</td><td>$21.5</td></tr>
<tr><td>Camden Council</td><td>$24.1</td></tr>
<tr><td>Campbelltown City Council</td><td>$26.6</td></tr>
<tr><td>Canterbury-Bankstown City Council</td><td>$34.5</td></tr>
<tr><td>Cumberland City Council</td><td>$29.2</td></tr>
<tr><td>Fairfield City Council</td><td>$28.0</td></tr>
<tr><td>Hawkesbury City Council</td><td>$22.6</td></tr>
<tr><td>Liverpool City Council</td><td>$28.8</td></tr>
<tr><td>Council of the City of Parramatta</td><td>$29.9</td></tr>
<tr><td>Penrith City Council</td><td>$28.2</td></tr>
<tr><td>Strathfield Municipal Council</td><td>$21.8</td></tr>
<tr><td>The Hills Shire Council</td><td>$27.0</td></tr>
<tr><td>Wollondilly Shire Council</td><td>$22.0</td></tr>
<tr><td>Total</td><td>$401.8</td></tr>
</table>
</td>
</tr>
<tr>
<td>21</td>
<td>72</td>
<td>The Hon. DANIEL MOOKHEY: Dr Grimes, when exactly will Mr Archterstraat's guidelines be applicable to government projects?
PAUL GRIMES: I can tell you that the WestInvest Steering Committee is applying very high-probity requirements on the administration of the WestInvest program. There's actually a detailed probity plan, and in developing that probity plan we've had full regard to the recommendations coming out of Mr Archterstraat's review.
The Hon. DANIEL MOOKHEY: Well, I'm reassured by that but my actual question, Dr Grimes, was when exactly is your understanding as to when those—
PAUL GRIMES: They're to be issued by the Department of Premier and Cabinet, so you'd need to refer to the Department of Premier and Cabinet on the specific release. But they've been announced, and I anticipate that that would be very, very shortly.
The Hon. DANIEL MOOKHEY: I'm glad that you are applying the principles Mr Archterstraat has set out to the WestInvest, but as it stands right now, why should we consider the WestInvest anything other than a slush fund?</td>
</tr>
</table>

		PAUL GRIMES: I would direct you to the probity plan for the WestInvest program, which is published on the WestInvest website. **The Hon. DANIEL MOOKHEY:** Sure. Do you have a probity adviser? **PAUL GRIMES:** Yes, there is a probity adviser for the program. **The Hon. DANIEL MOOKHEY:** Are all the applications for this $3 billion fund considered to be Cabinet in confidence? **PAUL GRIMES:** There's a distinction between the grants programs to which all of the grants requirements will apply and then government-led programs— **The Hon. DANIEL MOOKHEY:** I'm listening, Dr Grimes. **PAUL GRIMES:** —which are ordinary government projects of the sort like school projects. They could be a number of other projects that meet the requirements of the WestInvest program, which are not external grant programs. So I would make that distinction because it's an important distinction. **The Hon. DANIEL MOOKHEY:** I accept that. But the $478 million that went to schools—when was it decided that that $478 million would come from the $3 billion when, quite clearly, all the processes that you're talking about aren't established. We've already spent $478 million. What assurance can you give me that that $478 million has obeyed the same principles? For what it's worth, why was Education—did they put a bid in and other people put a bid in, and they just got it out first, or was it the case that they were asked to come forward earlier in time? **PAUL GRIMES:** No, they submitted bids. There were other bids submitted. The Government determined that those projects had sufficient merit to be able to be announced in the budget. They were announced in the budget with the balance to be considered through the remainder of this year. **The Hon. DANIEL MOOKHEY:** Did they go to the steering committee? **PAUL GRIMES:** Yes, the steering committee considered Government-led projects, which were then ultimately considered by the Treasurer after consultation with the PRC. **The Hon. DANIEL MOOKHEY:** Just before I pass to my colleague, can you, on notice, give us the date that the steering committee considered the $478.2 million that went to these schools? **PAUL GRIMES:** Yes, I will take on notice the specific dates.
		RESPONSE: Please refer to the answer given later in the hearing on page 79 of the uncorrected transcript.
22	73	**SONYA CAMPBELL:** GPM was established as a transaction company in accordance with the legislation. Its dealings include the decommissioning, demolition and rehabilitation of power stations,

		operational management of closed power station sites and their related infrastructure and assets, and management of ongoing regulatory and contractual obligations. **Ms ABIGAIL BOYD:** Is it within the control of Treasury and, therefore, part of the overall budget in the same way the EAMHC is, or is it off-budget and so we don't, for example, have the inclusion of its assets and liabilities in the overall budget? **SONYA CAMPBELL:** It's a very specific budget question that my colleague Mr Midha might be able to answer better than me. What I can tell you is that it is a Corps Act company — so it has been established with its own directors — and that its operations and activities are funded by the Electricity Assets Ministerial Holding Company. **Ms ABIGAIL BOYD:** Perhaps, Mr Midha, if you could assist. My understanding is that although EAMHC is controlled by the State and is, therefore, seen as a government entity, perhaps GPM is not. Is that correct? **SAN MIDHA:** I will have to take that on notice. I can try and get that to you later today. **Ms ABIGAIL BOYD:** Thank you. That would be very useful.
		RESPONSE: Both Electricity Asset Ministerial Holding Corporation (EAMHC) and Generator Property Management Pty Ltd (GPM) are classified as General Government Sector Controlled Entities under the Total State Sector Accounts (see page 6-201 of the 2020-21 Report on the State Finances). Audited EAMHC financial statements are disclosed in Treasury’s financial statements and the NSW Budget Paper No. 4. As GPM is not considered material for whole-of-government reporting, it is excluded from individual agency budget reporting in Budget Paper No.4 and in Treasury’s financial statements. While audited GPM financial statements are not published, they are included in the consolidated financial statements of the State. GPM is the owner of, and is responsible for remediating, the Munmorah power station and ash dam site, as well as the Wallerawang ash dams (being the Kerosene Vale ash repository and the Sawyers Swamp Creek ash dam).

		The operations of GPM are funded via grants from EAMHC (for Munmorah site remediation) or from Treasury Administered Items (for Wallerawang ash dam remediation). The GPM funding requirements for 2022/23 are consolidated in the 2022/23 NSW Budget Paper No.4, page 10-1. GPM has disclosed a contingent liability for the remediation of the Wallerawang ash dams and has recognised a provision for the Munmorah site remediation. While EAMHC provides funding to GPM for the Munmorah site remediation, EAMHC is not the owner of the Munmorah site. EAMHC has no interaction with any other power station site or ash dam (including the Wallerawang ash dams owned by GPM). The State's liabilities for pre-existing contamination are disclosed as contingent liabilities in table C4, Appendix C of Budget Paper 1 as well as Total State Sector Accounts. The State's provision for pre-existing contamination is disclosed as Treasury Administered Items in Treasury's financial statements of the Annual Report from financial year 2021 and in Total State Sector Accounts.
23	73	**Ms ABIGAIL BOYD:** My understanding is that if we get a power station closure, there are liabilities that used to appear on the non-quantifiable contingent liabilities sheet in C-4 of the budget. Those liabilities that are unquantifiable, once there is certainty in the closure date, the EAMHC takes ownership and then Generator Property Management is responsible for the clean-up activities. It is given funding from EAMHC in the form of grants. Does that then mean that we no longer recognise that that non-quantifiable contingent liability in respect of that particular power station never makes its way onto the quantifiable contingent liabilities sheet in the budget because it now sits with GPM on what it appears to be completely non-transparent budget? **SAN MIDHA:** I will need to confirm that. However, when a non-quantifiable liability has been dealt with — so in this case, through a grant — then that grant expenditure will appear. Once that, that will be the cost that would appear. But I can confirm that. **Ms ABIGAIL BOYD:** But it will appear as a grant — **SAN MIDHA:** As a grant. **Ms ABIGAIL BOYD:** — not as an actual contingent liability? **SAN MIDHA:** Yes, it will be classified as not a liability anymore. It has been remediated. I will check on that and come back to you exactly.

		SONYA CAMPBELL: Ms Boyd, if I may, I believe in the State financial statements there is a recording of an amount under the administered liabilities in respective amounts that we are able to now quantify. **Ms ABIGAIL BOYD:** In administered liabilities? Is that what you — **SONYA CAMPBELL:** Administered liabilities, correct. **Ms ABIGAIL BOYD:** Administered liabilities. **SONYA CAMPBELL:** Yes. **Ms ABIGAIL BOYD:** Does that make its way in any form onto the EAMHC accounts at any point — for example, as a provision for outstanding claims? **SONYA CAMPBELL:** I would have to take that question on notice, thank you
		RESPONSE: Treasury's financial statements for 2020-21 included a provision for remediation costs in relation to the Wallerawang ash dams within Administered Liabilities (see Note 21, page 80). That provision was also included in the Total State Sector Accounts (see Note 24, page 6-121 of the 2020/21 Report on the State Finances). During 2021-22, the provision for remediation costs in relation to the Wallerawang ash dams was written back (i.e. removed) following consultation between Treasury and the Audit Office. This was because the cost estimate was not viewed as sufficiently reliable to meet the requirements for a provision under the Accounting Standards. Funding for the Wallerawang ash dam remediation is via a grant from Treasury Administered Items (see 2022-23 NSW Budget Paper No. 4, page 10-1). There is no link between EAMHC and any of the State's pre-existing contamination liabilities arising from the electricity generation asset sale transactions. The demolition and rehabilitation of Munmorah power station was not part of the sale transactions. EAMHC funds GPM to complete these works.
24	73	**Ms ABIGAIL BOYD:** That would be very useful. I'd also like to understand — any information you can give me about GPM, in fact, particularly the financial statements for the last five years and how it works between EAMHC and GPM when it comes to GPM getting a grant and how that has been quantified prior to the clean-up work actually being done. That would be really useful. **SONYA CAMPBELL:** We will take that on notice.

		RESPONSE: As GPM is not considered material for whole-of-government reporting, it is excluded from individual agency budget reporting in Budget Paper 4. While GPM's audited financial statements are not published, they are consolidated in the Total State Sector Accounts. GPM is responsible for remediating the Munmorah power station site and Wallerawang ash dams (being the Kerosene Vale ash repository and the Sawyers Swamp Creek ash dam). In terms of funding operations, GPM annually provides a Statement of Business Intent and 10-year Business Plan to Treasury. In these documents GPM forecasts its funding requirements based on the demolition, remediation and rehabilitation works underway each year. These forecasts are used to determine the annual funding requirements for GPM. Funding requirements are met via grants from EAMHC (for Munmorah site remediation) and from Treasury Administered Items (for Wallerawang ash dam remediation). GPM's funding requirements for 2022-23 are consolidated in the 2022-23 NSW Budget Paper No. 4, page 10-1.
25	74-75	**Mr JUSTIN FIELD**: We can do that. One that might be related to you, then: As part of the implementation update, and in speaking about the net zero plan generally, there's a range of projects, programs, the Electricity Infrastructure Roadmap, the NSW Waste and Sustainable Materials Strategy — there is a series; I can go through them. Which of these programs have already been incorporated into the emissions forecasts and which haven't been? **KATE WILSON**: The majority of the programs have been included in there. The NSW Hydrogen Strategy was released after that emissions forecasting was done for the implementation update so that's not included. The Waste and Sustainable Materials Strategy is not included. There are, I think, a couple of other things like the net zero on parks strategy that were not included. **Mr JUSTIN FIELD**: Was the Net Zero Buildings strategy included? **KATE WILSON**: No, I don't believe it is. **Mr JUSTIN FIELD**: So that's four. That's quite a few. **KATE WILSON**: It depends on the timing at which they're released. **Mr JUSTIN FIELD**: Sure. The data that's up there now is current as of when? It was published on 12 August but it's not clear exactly what date these assumptions are at because obviously it has got an

		annual assumption for every year from 2021 through to 2050. You're saying that the 2021 one—is it actual, is it current, and then from then on it's forecast? **KATE WILSON**: I understand that you've got the assumptions that are published through the Commonwealth. The most recent ones are the 2019-20 data, which were released on 9 June. That relates to your earlier question, which I'd misunderstood, about the graph in the Treasury outcome. Then there is projection data for the specific programs that we are implementing. Again, I understand that we're at the moment taking a very, very conservative approach to that modelling—for instance, only modelling known emissions reductions from implementing within that program and not yet modelling what the market uptake might be. That modelling also looks at what's happening in the broader community and broader industry across New South Wales. Again, that's been taking an extremely conservative approach. Many industries now have net zero targets but unless they've got clear approaches to implementing them and clear time lines, that's not factored into the modelling at the moment. **Mr JUSTIN FIELD**: Sure, okay. For each of those programs you must have made your own judgments about the emissions reductions that would result. For example, with the NSW Electric Vehicle Strategy, is there a document or a set of figures that show us how much emissions abatement or emissions reduction is likely to result from that strategy once it's in play? **KATE WILSON**: The emissions abatement projections are public in the State of the Environment report. And now you can get— **Mr JUSTIN FIELD**: Down to that specificity for each of those programs? This is what I'm getting at— **KATE WILSON**: No, sorry, for the sectors, not for the programs specifically. **Mr JUSTIN FIELD:** That's right. Obviously a lot is made of the NSW Electric Vehicle Strategy, but I'm looking at these forecasts and they show that, for light vehicles, emissions are increasing all the way up to 2031 and don't really start to turn down for another couple of years after that. I'm trying to understand the value that we're getting out of these investments in terms of emissions abatement. Am I able to see the assumptions of emissions reduction for each of these programs? **KATE WILSON:** Certainly when we're doing these programs, we either undertake or commission quite detailed modelling. For instance, with electric vehicles we've modelled different rates of uptake. The ambition, as I'm sure you're aware, is to have 50 per cent of new vehicle purchases be battery electric vehicles by 2030. That's quite different from having 50 per cent on the roads. We know that the

		number of vehicles in New South Wales is continuing to increase, so we take factors into account: the increase in vehicle traffic and the proportion that will be EVs. **Mr JUSTIN FIELD:** I absolutely assume that. I'm just wondering if I can see it. Where does it exist? **KATE WILSON:** It exists in documents that were put together to inform the policy. **Mr JUSTIN FIELD:** Are they publicly available? **KATE WILSON:** They're not publicly available, no. **Mr JUSTIN FIELD:** Can they be made publicly available? **RACHEL PARRY:** I think we'll take that on notice. **KATE WILSON:** Yes, we'll take that on notice.
		RESPONSE: The assumptions that underly the emission reductions in each sector are detailed in a methods paper published on the Department of Planning and Environment's website. This paper supports the emissions dashboard that is now available on the SEED portal. The emissions modelling used for each net zero program applies the same assumptions as those that will be made public in the methods paper. The methods paper is available from the NSW Net Zero Emissions Dashboard page (https://www.seed.nsw.gov.au/net-zero-emissions-dashboard).
26	75-76	**Mr JUSTIN FIELD:** Another one is the Primary Industries Productivity and Abatement Program. I assume there are likely emission reduction forecasts for that as well? **KATE WILSON:** Correct, yes. **Mr JUSTIN FIELD:** Is it the same case—perhaps take it on notice? **KATE WILSON:** It'll be the same case. **RACHEL PARRY:** Same case—we'll take that on notice.
		RESPONSE: Emission reductions and carbon sequestration forecast for this program are included in the projections for the Land Use, Land Use Change and Forestry (LULUCF) and Agriculture sectors. The data and assumptions applied in the modelling are detailed in a methods paper which was published on the Department of Planning and Environment's website on 8 September 2022. Links to the methods paper will be available from the NSW Net Zero Emissions Dashboard page (https://www.seed.nsw.gov.au/net-zero-emissions-dashboard).

27	76	**Mr JUSTIN FIELD:** I understand that, thank you very much. I turn now to the questions I was asking this morning about forestry, and I appreciate that the answer was that the contract renewals were an operational decision. But I'd like to ask a broader question that might be for you, Dr Grimes. Has Treasury been asked to model an exit plan or a contract buyout for public native forest in New South Wales? **PAUL GRIMES:** Not to the best of my knowledge, but I'll have to take that on notice to just see whether there's anything that's been requested of Treasury in the past.
		RESPONSE: Treasury has not been asked to model an exit plan or a contract buyout for public native forest in New South Wales. Forestry policy matters are principally a matter for the Department of Regional NSW. Treasury continues to work with the Department of Regional NSW, Forestry Corporation of NSW and other stakeholders to understand the environmental, economic and other impacts of native forestry.
28	76-77	**Mr JUSTIN FIELD:** Okay, I'd appreciate that. Would you have knowledge back to a certain point? Has it happened recently? It's just that there's a lot of public debate at the moment about the need to deal with the post-bushfire impacts, and there's a lot of discussion about whether or not Forestry can meet its contractual obligations. Do you recall any requests of Treasury for feedback, information or analysis of those potential impacts? **PAUL GRIMES:** I'd have to refer to Ms Campbell, but she, in turn, may have to take it on notice. Ms Campbell? **SONYA CAMPBELL:** Yes, thank you, Dr Grimes. I think we will have to take that on notice. What I can say is that there was an independent scoping study done in the past, and the Government had decided at that time not to proceed. **Mr JUSTIN FIELD:** Are you talking about the privatisation? **SONYA CAMPBELL:** Yes, correct. **Mr JUSTIN FIELD:** That's separate. **PAUL GRIMES:** We'll have to take it on notice. Not that I'm aware of, but that doesn't mean that there weren't requests.
		RESPONSE: See response to QoN 27.

29	77-78	**The Hon. DANIEL MOOKHEY:** Great. Can you tell me — this may be for Mr Midha as well — in terms of the whole-of-government expense that is allocated towards that in the 2023-24 year, of the $611 million of additional expenditure that arises from these measures, how much of that comes from the 0.5 per cent productivity? **PAUL GRIMES:** The 0.5 per cent would be funded from within existing agency budgets is my recollection — the additional 0.5 per cent. **The Hon. DANIEL MOOKHEY:** Given it is reported as a material measure, I am not sure that's true. **SAN MIDHA:** Dr Grimes is right. For the 2.5 per cent to 3 per cent, the 0.5 per cent is in that number. So that's the net number. Then the productivity increase of 0.5 per cent would be within agency budgets. **The Hon. DANIEL MOOKHEY:** So their existing budgets? **SAN MIDHA:** It's in the existing budgets. So they have to find productivity savings of that equivalent to be able to offer the 0.5 per cent increase. **The Hon. DANIEL MOOKHEY:** Mr Midha, have we allocated additional money to those agencies to fund that 0.5 per cent productivity bonus or not? **SAN MIDHA:** No, it has to be absorbed within agencies' budgets. **The Hon. DANIEL MOOKHEY:** So there is actually no additional money that has been set aside for the productivity bonus. **SAN MIDHA:** That's correct. **The Hon. DANIEL MOOKHEY:** Can I ask, How does a worker claim an additional 0.5 per cent? **SAN MIDHA:** The 2.5 per cent to 3 per cent? **The Hon. DANIEL MOOKHEY:** That's a given. **SAN MIDHA:** That's a given, yes. **The Hon. DANIEL MOOKHEY:** I'm talking about the 3 per cent to 3.5 per cent for the 2023-24 year. It says here that workers have an opportunity to claim an additional 0.5 per cent. How does a worker go forward and claim that? If I'm a nurse sitting in a hospital, how would I claim that? **SAN MIDHA:** The agency will have to find productivity within their own agency before they can offer that to the nurses. **The Hon. DANIEL MOOKHEY:** The issue is that a lot of these people aren't bargaining and their agreements are going to be continuing, so do they write a letter? Does their union write a letter? How

		does this work? Where apparently 0.5 per cent is available, which is meaningful in the current cost-of-living crisis, how does a person get it if they are not bargaining? **SAN MIDHA:** The wages policy isn't owned by Treasury; that policy is owned by DPC. **The Hon. DANIEL MOOKHEY:** Indeed, but— **PAUL GRIMES:** It'd probably be appropriate to refer that question to DPC. **The Hon. DANIEL MOOKHEY:** But do you assess whether or not an agency has met a productivity target or is it purely a matter for their discretion? **SAN MIDHA:** They would have to show us the productivity saving. **The Hon. DANIEL MOOKHEY:** So you would have to sign off on it. **SAN MIDHA:** It should be neutral. At the end of the day they could offer that additional 0.5 per cent, but there is no additional budget for it, so they would have to fund that through their own agency settings. **The Hon. DANIEL MOOKHEY:** Sure, but when it comes to all union agreements and negotiations and all of the issues to do with employee expenses, usually Treasury keeps an eye on what the agencies are agreeing to or what they are not agreeing to. For an agency to spend its existing money to give this productivity benefit, do they need to get your permission or ERC's permission, or literally can the Department of Education go, "Great, done. Here is your cheque"? **SAN MIDHA:** I will have to take that on notice on the process for 2023-24. I don't think we have developed any guidelines around that at this stage.
		RESPONSE: The current process for any award renewal requires the portfolio Minister to bring a submission to ERC on proposed bargaining parameters. Should it be endorsed by the Government it is then taken to employees or their union. NSW Treasury's role is to review and advise on any bargaining proposal prior to its deliberation. Treasury's advice will include analysis of the robustness of the costing, its underlying assumptions and the likelihood that benefits will be delivered.
30	78	**Ms ABIGAIL BOYD:** I wanted to ask a question about the $34.4 million in the budget that has been allocated to increased carbon storage and sequestration. Can someone tell me anything about what that is and where it's going to go in practice? **PAUL GRIMES:** Do you have a page reference for the amount?

		Ms ABIGAIL BOYD: Sure. It is page 7 - 7 in the outcomes statement in *Budget Paper No. 2*. **RACHEL PARRY:** We might, if it's okay with you, use our 15-minute break to have a look at that and come back to you after the break. **Ms ABIGAIL BOYD:** That would be really useful. I just wanted to know what the plans are for it. Is there going to be a grants program? What is it? **RACHEL PARRY:** We'll try to come back this afternoon on that.
		RESPONSE: In the 2022-23 Budget, $34.4 million has been allocated to Stage 2 of the NSW CO2 Storage Assessment Program. The Program, led by Regional NSW, is a state-wide assessment to identify potential carbon storage opportunities in NSW. Questions about this Program should be directed to the Deputy Premier, Minister for Regional New South Wales, and Minister for Police.
31	79	**The Hon. DANIEL MOOKHEY:** I might ask Mr Deverall — so you can get an early mark as well — while I find the relevant paper, what is our current yield today on our three-year, five-year and 10-year debt? **DAVID DEVERALL:** The 10-year debt is approximately about 3.95 per cent. If you went out to the market today to borrow 10-year money, it'd be about 3.95. As you could imagine, the shorter the duration, the lower the rate would be. I will just give you the exact numbers as of Friday. Bear with me for one second. **The Hon. DANIEL MOOKHEY:** No problem. **DAVID DEVERALL:** For TCorp to borrow 10-year money, so March 2033 — sorry, 10 year is 3.94 per cent currently. If you wanted to go out five years to, let's say, 2028 — this is March 2028, so it's five-and-a-bit years — that's about 3.58 per cent. And then you get the very short-dated — out to one year would be about 2.8 per cent. It is 2.79, to be precise. **The Hon. DANIEL MOOKHEY:** Are you able to, on notice, provide me with the equivalent figure for this day last year? **DAVID DEVERALL:** I certainly could. **The Hon. DANIEL MOOKHEY:** Thank you. That would be helpful. **DAVID DEVERALL:** I could almost give it to you exactly. **The Hon. DANIEL MOOKHEY:** Why not? **DAVID DEVERALL:** Yes. It saves me writing a report to you in 21 days. One year ago, if you took 2.46 per cent off that 10-year number — so it's 3.94 that I quoted you for 10-year debt.

		RESPONSE: Please refer to the answer given at the hearing on page 79 of the uncorrected transcript.
32	80	**The Hon. DANIEL MOOKHEY:** Thank you, that's helpful. Can I ask a couple of questions now about the borrowing task? **DAVID DEVERALL:** Yes. **The Hon. DANIEL MOOKHEY:** How much are we borrowing this year? **DAVID DEVERALL:** Yes, good question. **The Hon. DANIEL MOOKHEY:** What's the net borrowing? **DAVID DEVERALL:** At the budget it was announced it was $28.2 billion, plus or minus a couple of hundred million. **The Hon. DANIEL MOOKHEY:** Yes. **DAVID DEVERALL:** We then immediately after the budget borrowed about $4.2 billion, bringing the task for FY23 down to $24 billion, so roughly $2 billion a month. So where we stand at the moment, we've done approximately 20 per cent of that task, so we're running around about $19.3 billion to go. **The Hon. DANIEL MOOKHEY:** Is that across the three year, five year, 10 year? **DAVID DEVERALL:** Well, it's right across. What we are trying to do, our strategy is to borrow for as long as we possibly can, and that makes the refinancing challenge pushed out many, many years into the future. **The Hon. DANIEL MOOKHEY:** So what's the average yield of the money raised so far this financial year? **DAVID DEVERALL:** This financial year, I do not know that number off the top of my head. What I do know is that the money that we've raised in the installed base of funds is roughly 2.1 per cent for all the book that we've raised. The question you're asking is for the amount that we've raised in this financial year— **The Hon. DANIEL MOOKHEY:** Yes. **DAVID DEVERALL:** —the $5 billion or $6 billion, what is that rate? **The Hon. DANIEL MOOKHEY:** Yes, that's what I'm asking for. **DAVID DEVERALL:** And it's going to be higher than that. It will be less than 4 per cent; probably above three and a half is my guess. **The Hon. DANIEL MOOKHEY:** Do you expect market conditions to stay within the existing parameters, that is, the remaining part of the borrowing task is likely to be raised at that 3.5 to 4 per cent level?

		DAVID DEVERALL: It's very hard to predict the direction of rates markets. **The Hon. DANIEL MOOKHEY:** Maybe give it a try, Mr Deverell. **DAVID DEVERALL:** I'd love to make a fearless forecast but I would be chastised if I did. **The Hon. DANIEL MOOKHEY:** Well, a lot turns on it, but it's fair to say it's going to be at a much higher level than it was this time last year. **DAVID DEVERALL:** Certainly where we are at the moment is much higher than we were last year, correct. **The Hon. DANIEL MOOKHEY:** And currently you'll take on notice the average yield of the money raised to date. **DAVID DEVERALL:** That we've done for the first two months of this financial year? **The Hon. DANIEL MOOKHEY:** Yes. **DAVID DEVERALL:** Certainly.
		RESPONSE: TCorp has issued $4.9 billion in bonds so far in the 2022-23 financial year at an average borrowing cost of 4.0 per cent. The average borrowing cost for TCorp's total borrowings is just above 2 per cent.
33	82	**The Hon. DANIEL MOOKHEY:** Thank you. Do you have the same figure for the NSW Infrastructure Future Fund? **DAVID DEVERALL:** I do. That number was negative 5 per cent and the number is $8.9 billion. **The Hon. DANIEL MOOKHEY:** So we went from $12 billion, the previous year, in the Infrastructure Future Fund, to $8.9 billion? **DAVID DEVERALL:** This fund is in outflow. So— **The Hon. DANIEL MOOKHEY:** How much of that was outflow and how much of that was negative— **DAVID DEVERALL:** The vast majority would have been outflow. This fund started with the— **The Hon. DANIEL MOOKHEY:** Yes, another fund. **DAVID DEVERALL:** Yes. Then it's been slowly in outflow and that has accelerated in the last few years, to the point where— **The Hon. DANIEL MOOKHEY:** What was the investment proportion of that loss? **DAVID DEVERALL:** I'm guessing it would have been around 0.5 per cent or $500 million, is my guess, but the vast majority of it would have been outflows. **The Hon. DANIEL MOOKHEY:** Can you, on notice, get the outflows and the investment loss? **DAVID DEVERALL:** Sure. For the NIFF? Yes.

		The Hon. DANIEL MOOKHEY: Yes, thank you.
		RESPONSE: The withdrawals from the NSW Infrastructure Future Fund (NIFF) in the 2021-22 financial year totalled \$2.75 billion. The broad-based weakness in financial markets in the 2021-22 financial year resulted in an investment loss of \$0.44 billion (-5.0 per cent) in the 2021-22 financial year. Long-term investment strategies are expected to experience short-term volatility, but the portfolios are designed to deliver on their return objectives over time. For example, the NIFF has achieved approximately \$3.3 billion in investment returns since its inception in December 2016.
34	82	**The Hon. DANIEL MOOKHEY:** Yes, thank you. The Social and Affordable Housing Fund investment trust—what is its current balance as of 30 June 2022? **DAVID DEVERALL:** That is just over \$1.5 billion. **The Hon. DANIEL MOOKHEY:** That one is not in massive outflow? **DAVID DEVERALL:** That was down about 5 per cent as well. **The Hon. DANIEL MOOKHEY:** So that one has lost \$159 million? **DAVID DEVERALL:** If that's correct. If that's the number—5 per cent of \$1.5 billion. **The Hon. DANIEL MOOKHEY:** It had a balance the previous year of \$1.659 billion. So if it is at \$1.5 billion, it has lost \$159 million. **DAVID DEVERALL:** I don't have the numbers in front of me, what was the inflows and the outflows and the investment returns. **The Hon. DANIEL MOOKHEY:** Yes, don't worry about it. That one usually spends \$31 million a year. **DAVID DEVERALL:** I've just got the investment returns. But I can take that on notice.
		RESPONSE: The withdrawals from the Social and Affordable Housing Fund (SAHF) in the 2021-22 financial year totalled \$60.0 million. The broad-based weakness in financial markets in the 2021-22 financial year resulted in an investment loss of \$87.3 million (-5.5 per cent) in the 2021-22 financial year. Long-term investment strategies are expected to experience short-term volatility, but the portfolios are designed to deliver on their return objectives over time. For example, the SAHF has achieved approximately \$380 million in investment returns since its inception in August 2017.
35	83	**The Hon. DANIEL MOOKHEY:** Can you go to page 7-8 of *Budget Paper No. 1*?

		DAVID DEVERALL: I don't have that. **The Hon. DANIEL MOOKHEY:** I'm sure someone can find it for you. Over the forward estimates — not one year, to be clear — there is: … reduction of $219.5 million in TCorp's dividends, primarily due to the decision not to proceed with a previously planned capital restructure for which additional dividends were projected at the time of the 2021-22 Budget So what has happened? **DAVID DEVERALL:** I'm not so familiar with this. What I can tell you, from my recollection of events, is that we were forecast to pay a bigger dividend in one of those years — **The Hon. DANIEL MOOKHEY:** I think you were doing a capital restructure, not necessarily a dividend. It was a return of capital, I think? **DAVID DEVERALL:** Yes. And we were advised that that was not needed, so we just paid a standard dividend. **The Hon. DANIEL MOOKHEY:** Who advised you that that wasn't needed? **DAVID DEVERALL:** Treasury. **The Hon. DANIEL MOOKHEY:** Who? **DAVID DEVERALL:** I don't know off the top of my head. **The Hon. DANIEL MOOKHEY:** Dr Grimes, who told TCorp that they don't need to give us back $219 million? **PAUL GRIMES:** I'll have to take that on notice. But it would have been from Treasury to — **The Hon. DANIEL MOOKHEY:** Maybe Ms Campbell is responsible for this, because that's where TCorp is managed. We did a capital review of TCorp's capital structure at some point. We decided that they can pay us back $219 million. Then we decided that they don't need to. Take me through how that happened. **SONYA CAMPBELL:** Mr Mookhey, that does sit in my portfolio, but I'll have to take that on notice and get some advice from my team.
		RESPONSE: Page 7-8 of 2022-23 Budget Paper No 1. refers to an additional TCorp dividend that had been planned prior to the 2021-22 Budget. This would have been on top of TCorp's normal dividend payments and was reflected in the 2021-22 Budget.

		Following subsequent consideration, which determined that the additional dividend was not viable or required, it was removed from TCorp's dividend projections in the 2022-23 Budget, as per Budget Paper No 1.
36	83-84	**The Hon. DANIEL MOOKHEY: MOOKHEY:** Does anyone know? Honestly, the CEO of TCorp can't explain. The Treasury is sitting here. It's $219 million — we're not getting that. What's happened? **DAVID DEVERALL:** I do recall it was some time ago. There was a request by Treasury for us to pay a bigger dividend, which was the normal dividend plus an extra return of capital. Treasury decided that was not necessary, so we just returned the standard dividend. **The Hon. DANIEL MOOKHEY:** Sure. I don't dispute that those are the facts that took place. What I'm trying to understand is what was informing Treasury's thinking around this because there is an implication here that you are sitting on more capital than you need, or you're not. **DAVID DEVERALL:** I can't recall that. **The Hon. DANIEL MOOKHEY:** Dr Grimes? No-one? **PAUL GRIMES:** No, I can't provide further information at the moment. But it would be also a question of why was an amount actually budgeted for originally. **The Hon. DANIEL MOOKHEY:** Yes. I am going to presume that this was done by your Assets and Liability Committee, or ALCO? **DAVID DEVERALL:** No. ALCO would not have looked at this. **The Hon. DANIEL MOOKHEY:** Well then, someone must have. Who did the capital work? **PAUL GRIMES:** Indeed, I think we are indicating we need to take that on notice because none of us have the answer directly to these at the moment. **The Hon. DANIEL MOOKHEY:** On notice can we find out who did the review, when the review was done, was the review made public, was it re-reviewed, if so, who asked for it to be re-reviewed and who did the re-review? **PAUL GRIMES:** I'm not sure there was actually a sort of a review as such, but we can take on notice all of the relevant circumstances and provide information to you.
		RESPONSE: See response to QoN 35.
37	84	**The Hon. DANIEL MOOKHEY:** I have one more question about dividend policy, which maybe is to Ms Campbell, because it is to do with Sydney Water dividends. Apparently we are reducing Sydney Water

		dividends by $455.4 million so that it can maintain its investment grade credit matrix. It is currently triple-B rated, is it not? **SONYA CAMPBELL:** I believe that's correct, Mr Mookhey. **The Hon. DANIEL MOOKHEY:** Was its rating under threat? **SONYA CAMPBELL:** I don't have the answer to that question, Mr Mookhey. I'd have to take that on notice.
		RESPONSE: Sydney Water's stand-alone credit rating is assessed by Fitch as above the minimum level of triple-b set by Treasury's Capital Structure and Financial Distributions Policy. The reduction in Sydney Water's dividends relates to the increase in capital expenditure required to respond to the Greater Sydney Water Strategy. The increase in capital expenditure put downward pressure on the business' credit metrics. Lower dividend forecasts reduced that pressure, ensuring Sydney Water can continue to comply with Treasury policies.
38	84	**The Hon. DANIEL MOOKHEY:** Have you been advised by the rating agencies if there's an issue with Sydney Water's credit rating? **SONYA CAMPBELL:** I haven't had any direct conversation, but it is as a consequence of the Greater Sydney Water Strategy and the additional capital expenditure that's required by Sydney Water that had an impact on that originally projected dividend. **The Hon. DANIEL MOOKHEY:** On page 7-9 of the budget paper on the Sydney Water Corporation dividend, the dividends under the forward estimates from it are set to go from $259 million in this current year to $352 million in 2023-2024, $435 million in 2024-2025 and $652 million in 2025-2026. I'm glad that it is so profitable that it is able to provide us with those dividends despite us reducing by $4.5 billion but can you explain to us, particularly in those two last years, why is there such a massive spike in Sydney Water's dividend in years 2024-2025 to 2025-2026? **SONYA CAMPBELL:** Thank you, Mr Mookhey. I don't have those precise details. I would need to take that question on notice.
		RESPONSE:

		The numbers quoted by the Hon. Daniel Mookhey are for dividends plus tax equivalent payments. Dividends and tax equivalent payments are forecast to be higher in 2024-25 and 2025-26 compared to financial years 2022-23 and 2023-24. This reflects higher profit levels in those years driven mainly by the introduction of developer charges in 2024-25 and commencement of the next pricing determination period from 1 July 2025.
39	84-85	**The Hon. DANIEL MOOKHEY:** I accept that IPART is doing the repricing of the water this year and that's why it is going up from $125 to $264 — it's doubling in the next year because the five-year determination by IPART kicks in. But that five-year determination lasts for another five years. What I'm trying to understand here is that there's clearly something going on with Sydney Water's balance sheet, because its credit rating seems to be under some form of risk. We've reduced it by $455 million. I accept that it has to fix the pipes and borrow more accordingly, but then we are still taking a lot of money out of it in dividends — quite an aggressive rise. How is that happening? **SONYA CAMPBELL:** Again, Mr Mookhey, I'm happy to take that question on notice and come back to you.
		RESPONSE: See response to QoN 37 and 38. Forecast dividends are proposed by Sydney Water's independent board and agreed with its shareholders in the annual Statement of Corporate Intent (not the Statement of Expectations).
40	85	**The Hon. DANIEL MOOKHEY:** This would have had to be agreed by the Treasurer in his statement of expectation that he had to issue Sydney Water. I presume he did issue that statement of expectation to Sydney Water? **SONYA CAMPBELL:** Yes, that's correct. The statement of expectations will outline the Government's **The Hon. DANIEL MOOKHEY:** Yes, and it does a 10-year financial plan that informs that. I'm aware of that. Did the Treasurer ask for these extra dividends? **SONYA CAMPBELL:** I can't speak for the Treasurer, Mr Mookhey. **The Hon. DANIEL MOOKHEY:** Well, someone can. Did the Treasury provide advice to the Treasurer that that's possible? **SONYA CAMPBELL:** I expect Treasury would have provided advice but I would need to get advice from my team, Mr Mookhey, to answer that question.

		The Hon. DANIEL MOOKHEY: Equally, Landcom? Are there any issues with its dividend? It is going from $24 million in 2023-2024 to double, or $51 million, in 2024-2025. Are you expecting them to be double all the years profitable? Has it got more coming off in that year? Is that a cash flow thing? What's going on? **SONYA CAMPBELL:** Again, Mr Mookhey, I'm happy to take that question on notice.
		RESPONSE: As explained in page 7-8 of Budget Paper 1, Landcom's dividends are increasing because of the increased volumes of dwelling sites being delivered over the forward estimates. This leads to higher revenues and therefore profits, with consequent ability to pay higher dividends.
41	85-86	**The Hon. PENNY SHARPE:** Got you. Okay, thank you. Can I ask then about the Empowering Homes scheme. My understanding is that that scheme closed in July. Is that correct? **ANDREW LEWIS:** That is correct. Yes, that scheme has closed for new applications. **The Hon. PENNY SHARPE:** And it was originally a pilot? **ANDREW LEWIS:** Correct. **The Hon. PENNY SHARPE:** And are you able to tell me how many people took up the scheme? I understand there are two components. One is the solar plus battery and then the other is retrofit battery. Are you able to give me a breakdown of that please? **ANDREW LEWIS:** Yes, if you just give me a moment, I will be able to come back on that one for you. **RACHEL PARRY:** I've got the numbers here if you like and then Mr Lewis can fill it in. As at July 2022, 596 installations have been completed with another 91 loans approved and awaiting system installation. **The Hon. PENNY SHARPE:** You can do this on notice. The key issue here is that this was a pilot program in only some locations, which means given that it's closed and it's not being reopened, large sections of the State have not had access to it. Are you able to give this to me broken down by postcode please? **RACHEL PARRY:** We can. We'll take that on notice. Just to note, while the Empowering Homes pilot was closed, the $128 million Energy Bill Buster program was a replacement for that Empowering Homes program **The Hon. PENNY SHARPE:** And it allows you to do the same thing? **RACHEL PARRY:** The Bill Buster program, as was canvassed by the Treasurer this morning, has two components. One is the solar for low-income households foregoing the energy rebate in terms of a

		solar installation. If an individual or family does not live in a household that is conducive to that solar installation, they can apply for energy-efficient appliances. **The Hon. PENNY SHARPE:** Sure. I've got that. That's great. I know we've got to move on. Can you also give me the breakdown of the low-income household rebate by postcode too please? **RACHEL PARRY:** We'll take that on notice.
		RESPONSE: 621 installations were completed under the Empowering Homes program as of 31 August 2022. This included 191 battery-only systems and 430 solar and battery systems. Installation numbers at postcode level are at Attachment 2. Where the number of installations per postcode per category is less than 10, the exact number cannot be provided for privacy reasons as it may enable the identification of the recipients. This is shown with the text <10 and for certain post codes, this range has been extended to <15 and <20 to ensure that numbers per category, which are less than 10, are not shown for privacy reasons. The Office of Energy and Climate Change will publish the 2021–22 NSW Energy Social Programs Annual Report to its website in early 2023. The report will provide data on the total number of customers supported and the total amount of rebates paid for the Low Income Household Rebate by Local Government Area for 2021–22. Previous year's reports are available at www.energy.nsw.gov.au.
42	86	**Ms SUE HIGGINSON:** I was just wondering if you could tell me — and I realise the administrator of the fund is perhaps Regional NSW, but the clean coal, the Coal Innovation fund, where it's up to and if we've decided that clean coal is perhaps not the best way to be spending such a large proportion of money. **RACHEL PARRY:** I can talk to that at a fairly high level. The net zero plan committed to the Coal Innovation program, and that would provide incentives for coalmines to try to reduce those fugitive emissions that we talked about this morning. The Government really is looking to — and again under their NZET program of these large-scale, hard-to-abate sectors, and it is trying to create that incentive. That is again going through Coal Innovation NSW, of which I am a board member of that organisation, and again working with the coal industry to try to capture those fugitive emissions under that program. **Ms SUE HIGGINSON:** Is it correct that there is still some $67.6 million in holding in that fund? Would that be about right?

		RACHEL PARRY: I would have to take that on notice. **KATE WILSON:** I think that sounds about right.
		RESPONSE: This question should be referred to the Deputy Premier, Minister for Regional New South Wales, and Minister for Police.
43	92	**The Hon. PENNY SHARPE:** Okay, so they're not ready to go. This morning we talked a little bit about the REZs and the declarations that are outstanding, of which there are many. Some have obviously been through their initial round. Why are they not being declared? **JAMES HAY:** I can give you a little bit more of an update on that. It is a process to go around drawing lines on maps, and so that needs extensive engagement — which we've done, as you know, with the registrations of interest, and then we engage on those to do those. Central-West Orana was formally declared on 5 November 2021. New England was formally declared on 17 December 2021. We're now in the process of the draft declaration for South-West; it was on exhibition for four weeks from 22 April 2022. The final declaration of that is imminent. The Hunter-Central Coast REZ — the draft declaration will be publicly exhibited in September, with a final declaration due there shortly thereafter. The Illawarra REZ — that declaration is again expected. We're targeting the end of the year; we've just finished the EOI process. There'll be some announcements on that shortly. **The Hon. PENNY SHARPE:** Is the issue here that you're basically doing the REZ declarations sequentially to avoid overspreading and diverting investment resources? If one is delayed, are the others delayed? **JAMES HAY:** No, it's simply the process of engaging. Central-West Orana was underway before the road map, so it is about engaging with those communities. We've used a similar team and a similar methodology, so they've been working through the REZs in that sequence. **The Hon. PENNY SHARPE:** Is New South Wales yet to finalise the transmission efficiency test? **JAMES HAY:** We've been working on that. The transmission efficiency test has a number of aspects so, Andrew, do you want to pick that up? **ANDREW KINGSMILL:** Yes, absolutely. The transmission efficiency test and the guidelines for it will actually be consulted on by the Australian Energy Regulator, and there are two sets of guidelines that the regulator is planning on consulting on. One is where a transmission infrastructure project is delivered contestably, and those guidelines will be consulted on very shortly. For those regulations, the drafting is underway.

		The Hon. PENNY SHARPE: When do you anticipate that that will be finalised? **ANDREW KINGSMILL:** I might take that one on notice and we will come back with that if we can, please. The second set of guidelines is for non-contestable projects, and that will be a different nature of assessment. That will be more similar to what is done currently under the rules, and they will be consulted on later in the year. But both guidelines are expected to be in place by the end of this calendar year.
		RESPONSE: Please refer to the answer given later in the hearing on page 103 of the uncorrected transcript.
44	92	**The Hon. JOHN GRAHAM:** Yes, table 5.3. It was just this question about what percentage of the 2022-23 capital expenditure — the $8 billion capital slippage — is in this year. I think you refer to it as 21 per cent. **SAN MIDHA:** Yes. **The Hon. JOHN GRAHAM:** I take it that's for the broader budget, is it, and not for the general government sector? **SAN MIDHA:** That's the total capital of the $30 billion we have for the — no, that'll be the general government sector. **The Hon. JOHN GRAHAM:** So 21 per cent for the general government sector. **SAN MIDHA:** So $30 billion, yes. If you add $8 billion to the $22.6 billion, you would get $30 billion. **The Hon. JOHN GRAHAM:** Yes, $30 billion. **SAN MIDHA:** So that's the 20 per cent. **The Hon. JOHN GRAHAM:** So $8 billion over $30.666 billion would be closer to 26 per cent. Does that sound right to you? **SAN MIDHA:** I have been told it's 21 per cent, so I assume if it's not — **The Hon. JOHN GRAHAM:** That just does not scan with the figures in the budget note. So I assume — **SAN MIDHA:** I'll check that and come back for you. **The Hon. JOHN GRAHAM:** But I'd be correct in saying it's really comparing the $22.666 billion, add the $8 billion to give you the number by which to make that assessment. It is the $8 billion over that figure. **SAN MIDHA:** I'm just checking on that. I will confirm that soon. **The Hon. JOHN GRAHAM:** Great. Then looking ahead, you've told us you will tell us what the capital slippage is for the year ahead of that and the year after. You've taken that on notice.

		SAN MIDHA: I'll take that on notice, yes. **The Hon. JOHN GRAHAM:** But we know it's $50 million for the 2025-26 year. Can you confirm that that percentage is 0.2 per cent? **SAN MIDHA:** I will come back to you. I am just confirming the 21 per cent is for the NFPS sector, which is the GGS and the PNFC. **The Hon. JOHN GRAHAM:** Correct, yes. That was my assertion to you. So you agree, then, that while it's lower for that sector, for the general government sector it's actually 26 per cent, not 21 per cent? **SAN MIDHA:** That's right, yes. The maths works out.
		RESPONSE: The estimated capital expenditure in 2022-23 at the Non-Financial Public Sector (NFPS) level is $29.2 billion, as per the Table 1.2 of Budget Paper No.3. This estimated capital spending includes an approximately $8 billion capital underspend provision, which is equivalent to 21 per cent of total NFPS capital program in 2022-23.
45	93	**The Hon. DANIEL MOOKHEY:** Mr Secretary, through you, in order to implement the proposed changes to stamp duty to introduce a land tax choice, does that require legislation? **PAUL GRIMES:** Yes, it does. I might hand to Ms Wilkie to help you with more detailed questions. **The Hon. DANIEL MOOKHEY:** So it requires legislation. That's correct? **JOANN WILKIE:** Yes, it does require legislation. **The Hon. DANIEL MOOKHEY:** Has legislation been drafted? **JOANN WILKIE:** Legislation is currently being drafted. **The Hon. DANIEL MOOKHEY:** When do you expect the draft to be complete? **JOANN WILKIE:** A first draft is complete and is being quality-assured at the moment — well, we are looking through it. It's a complex piece of legislation. **The Hon. DANIEL MOOKHEY:** Indeed. When do you expect it to be introduced into Parliament? **JOANN WILKIE:** The Government is intending to introduce it in the second half of this year. **The Hon. DANIEL MOOKHEY:** We're in the second half of this year. **JOANN WILKIE:** Yes. I can't at this point be any more specific. **The Hon. DANIEL MOOKHEY:** We have five sitting weeks left for a complex piece of legislation. Has a decision been made as to when in those five sitting weeks it is to be introduced? **JOANN WILKIE:** That's a matter for Government decision.

		The Hon. DANIEL MOOKHEY: Have you been given a time line as to when it needs to be ready for? **JOANN WILKIE:** The second half of this year. I'm sorry, Mr Mookhey, I can't be any more specific than that. It's a matter for Government decision. **The Hon. DANIEL MOOKHEY:** I appreciate that. Is it still the intention to commence this system from 13 January next year? **JOANN WILKIE:** Yes. **The Hon. DANIEL MOOKHEY:** What happens if you don't pass the law? **JOANN WILKIE:** That will be a matter for government. Clearly, if the legislation has not been passed, the scheme start date will need to be adjusted. **The Hon. DANIEL MOOKHEY:** You describe it as a complex piece of law. Do you know how many laws need to be amended? **JOANN WILKIE:** Not off the top of my head. I will need to take that on notice.
		RESPONSE: The draft Property Tax Bill would establish a new law governing First Home Buyer Choice and would also amend five existing Acts and instruments. **To correct record:** The intended date of commencement asked by the Hon Daniel Mookhey, the First Home Buyer Choice is 16 January 2023 rather than 13 January 2023.
46	94	**The Hon. DANIEL MOOKHEY:** Is there an intention to publish an exposure draft publicly and seek feedback? **JOANN WILKIE:** That decision has yet to be taken by the Government. **The Hon. DANIEL MOOKHEY:** Is it a decision for government or is it a decision for Treasury? **JOANN WILKIE:** It's a decision for government, Mr Mookhey. **The Hon. DANIEL MOOKHEY:** Okay. And they are yet to decide? **JOANN WILKIE:** Yes. **The Hon. DANIEL MOOKHEY:** Putting aside the merits or otherwise, with the technical complexity of a law change like this, is there currently any opportunity for people to provide any comment to the draft other than the processes that you've already done? **JOANN WILKIE:** The legislation, as I said, is still in a draft form. Treasury itself is still reviewing that current draft of legislation. Previously, we had set up a panel of tax experts who were going to review

		the bill for the proposal that was being considered last year. We expect to use the same process again, but we are yet to have that confirmed by the Treasurer. **The Hon. DANIEL MOOKHEY:** Who is on the panel of tax experts? **JOANN WILKIE:** I would have to take that on notice. We will need to reconvene that panel if we are going to take that approach, so it may not be the same set of people that we had convened last year. **The Hon. DANIEL MOOKHEY:** Can you, on notice, provide us who was on last year's panel? **JOANN WILKIE:** Yes. **The Hon. DANIEL MOOKHEY:** How do you choose that panel? **JOANN WILKIE:** It's a panel of experts in terms of consultation. I believe the way we did it last year — but, again, I will have to confirm this on notice — was consulting with stakeholders more broadly in terms of who they would recommend be included on that panel, as well as using our own judgement, and then putting that to government for a decision.
		RESPONSE: A draft Property Tax Bill was considered during 2022 by a panel of experts including Nathan Deveson, Amrit MacIntyre, Diane Skapinker, and Richard Snowden. They are legal experts practising in the subject matter areas relevant to the implementation of the property tax. They participated in the panel of experts in an individual capacity rather than as representatives of any organisation and received no compensation for their contributions.
47	94	**The Hon. DANIEL MOOKHEY:** How many first home buyers do you expect to choose to pay a land tax next year? **JOANN WILKIE:** Just one moment, while I bring up that information. **PAUL GRIMES:** I believe it's 6,500, if I'm reading the note here correctly. **JOANN WILKIE:** Yes, that's correct — 6,500. **The Hon. DANIEL MOOKHEY:** As a proportion of first home buyers, how much is that? **JOANN WILKIE:** It's about 6 per cent. **The Hon. DANIEL MOOKHEY:** Six per cent of first home buyers. Is it now the case that any first home buyer who purchases a property of less than $600,000 pays no stamp duty? **JOANN WILKIE:** That's correct. They would have access to the stamp duty concessions. **The Hon. DANIEL MOOKHEY:** How many people access that concession? Do you know? **JOANN WILKIE:** I would have to take that on notice.

		RESPONSE: Under the First Home Buyers Assistance Scheme, eligible first home buyers who purchase a dwelling for up to $650,000 do not pay transfer duty. In the price ranges of $0-$650,000 for dwellings and $0-$350,000 for vacant land, there were around 35,000 first home buyers in 2021-22 who received a full duty exemption.
48	94	**The Hon. DANIEL MOOKHEY:** So that 6,000 that are expected to choose, I presume that is first home buyers who are currently not exempt? Or is it your view that that includes people who are currently entitled to an exemption but will choose to pay a tax anyway? **JOANN WILKIE:** We would expect that there are some people who, even though they are entitled to a partial exemption, would still choose the property tax, because it is dependent on the unimproved value of the land and how long they intend to hold the property. **The Hon. DANIEL MOOKHEY:** That partial exemption is for first home buyers who purchase a property between $600,000 and $800,000, correct? **JOANN WILKIE:** Correct. **The Hon. DANIEL MOOKHEY:** You're saying that there's a category of people in that cohort who will make the choice. Do you know how many? **JOANN WILKIE:** Well, I'd have to take that on notice in terms of—oh, wait on.
		RESPONSE: For dwellings purchased between $650,000 and $800,000 (and for vacant land between $350,000 and $450,000), duty concessions are provided for eligible first home buyers. Duty is reduced on a sliding scale with full exemption from duty at the lower price threshold and zero exemption from duty at the higher price threshold. It is estimated that in the next four years this cohort would average around 1,600 first home buyers per year opting into property tax.
49	95	**The Hon. DANIEL MOOKHEY:** How many first home buyers purchase a property that's worth more than $800,000 per year? **JOANN WILKIE:** I'll have to take that on notice.
		RESPONSE:

		For purchase prices between $800,000 and $1.5 million, it is estimated that there will be 7,200 first home buyers on average over the next 4 years. It is expected that a small proportion (around 3 per cent) of first home buyers purchase at prices above $1.5 million.
50	95	**The Hon. DANIEL MOOKHEY:** Okay. Revenue NSW tells me that they don't keep that data so I have no idea. Does Treasury have any modelling on this, or any data on this? **JOANN WILKIE:** We've done some modelling on that, yes. **The Hon. DANIEL MOOKHEY:** The 6,000 presumably includes people from $600,000 upwards. Correct? **JOANN WILKIE:** That's correct. **The Hon. DANIEL MOOKHEY:** What percentage does that 6,000 work out to be of people above $800,000, or will you need to take that on notice? **JOANN WILKIE:** I'll have to take that on notice.
		RESPONSE: It was estimated that this cohort would have annually around 4,600 first home buyers opting into property tax on average over the next 4 years. This comprises around 74 per cent of first home buyers who are expected to opt-in.
51	95	**The Hon. DANIEL MOOKHEY:** Okay. How much will property prices reduce next year for first home buyers as a result of this change? **JOANN WILKIE:** As a result of the — how much will they reduce? **The Hon. DANIEL MOOKHEY:** Yes. How much will property prices go down next year if we implement this change? **JOANN WILKIE:** This change isn't expected to have any significant impact on house prices. **The Hon. DANIEL MOOKHEY:** At any point in time? **JOANN WILKIE:** So, for the First Home Buyer Choice, no. **The Hon. DANIEL MOOKHEY:** Just to be clear, the First Home Buyer Choice proposal will have no impact on housing prices. **JOANN WILKIE:** Correct. **The Hon. DANIEL MOOKHEY:** Okay. What about economic growth? **JOANN WILKIE:** The impact of this policy on economic growth — I would have to take the specific number on notice, but it will have, over the longer term, a positive impact on economic growth.
		RESPONSE:

		The estimated impact from the First Home Buyer Choice policy is a long run gross state product increase of around 0.1 per cent.
52	95-96	**The Hon. DANIEL MOOKHEY:** The longer term was defined in last year's property paper as being three decades. Are we still working on that horizon? **JOANN WILKIE:** Yes. **The Hon. DANIEL MOOKHEY:** So over three decades we expect there to be some accretion in economic growth. **JOANN WILKIE:** Yes, as a result of this policy. **The Hon. DANIEL MOOKHEY:** This policy, or the policy that was outlined last year? **JOANN WILKIE:** No, this policy, because it will improve the transaction of houses in the sense of people being able to purchase a property that is more in line with their needs. It will have efficiency benefits that will impact positively on the economy over the longer term. **The Hon. DANIEL MOOKHEY:** At the same amount as the proposal last year, or less? **JOANN WILKIE:** Less. **The Hon. DANIEL MOOKHEY:** Is that because the property no longer stays within that tax base and it can leave the point of sale? **JOANN WILKIE:** No. It's because the choice to use the property tax is open to less home purchasers. **The Hon. DANIEL MOOKHEY:** Okay. Can we get on notice, if it's possible, Ms Wilkie, just how much the expectation was for GSP growth—is that what we're looking at? **JOANN WILKIE:** Yes. **The Hon. DANIEL MOOKHEY:** For the three decades according to last year's proposal and this year's proposal? **JOANN WILKIE:** Sure.
		RESPONSE: The proposal outlined in the 2021 Property Tax Progress Paper was estimated to increase gross state product by 1.7 per cent in the long run.
53	96	**The Hon. DANIEL MOOKHEY:** Thank you very much. What's the typical amount that a first home buyer will pay if they make this choice next year? **JOANN WILKIE:** I will have to take that on notice. The range that people might pay on a property—I will be able to give you the range that people might pay, but really it's going to depend on the unimproved property value.

		The Hon. DANIEL MOOKHEY: Yes. What was the range, then? **JOANN WILKIE:** I'll have to take that on notice.
		RESPONSE: If all of the first home buyers purchasing a property between $650,000 and $1.5 million chose to opt into property tax, their average annual property tax liability would be around $1,700.
54	96	**The Hon. DANIEL MOOKHEY:** Well, there are 2.2 million rated properties currently that are residential, according to the data that's been published by the Valuer General. According to our calculations, just running the numbers, we think it comes out at $2,468. Is that about it, in terms of what the median is? **JOANN WILKIE:** I'll have to take that on notice.
		RESPONSE: For valuation purposes, the Valuer General treats strata schemes as single properties. In 2021 the Valuer General reported that there were 2.2 million residential properties in NSW. For property tax, strata units will be treated as separate properties, resulting in a count of around 3.1 million residential properties in NSW. For the Valuer General's purposes, the average residential property's land was worth about $796,000 in 2021. For property tax purposes, the average residential property's land value was about $567,000. The median dwelling purchased in Sydney in 2021-22 was around $1,090,000. Assuming an average land to capital ratio for dwellings, this would have a land value of around $550,000 and would pay initial annual property tax of $2,050.
55	97	**The Hon. DANIEL MOOKHEY:** Is there any restriction in the legislation that would stop the ability of a future government to increase the rates? **JOANN WILKIE:** I'll have to take that on notice, in terms of what's currently in the draft.
		RESPONSE: The Government has announced a purchase price threshold of $1.5 million for eligibility for First Home Buyer Choice. There are no plans to index this threshold. It is not possible for one Government to prevent a future Government from amending the proposed tax rates. Details of the draft Bill are Cabinet in confidence.

56	98-99	**The Hon. DANIEL MOOKHEY:** Artfully done. Can I just ask you, in respect to the $780.4 million investment in the shared equity scheme to be trialled by the New South Wales Government, how much of that is on the balance sheet and how much of that is on the operating side of the budget? **JOANN WILKIE:** Sorry, let me just find the right part of my notes—the net lending impact of the measure is $156.5 million over four years. **The Hon. DANIEL MOOKHEY:** Why is it saying $780.4 million? **JOANN WILKIE:** The $780.4 million is the amount of— **The Hon. DANIEL MOOKHEY:** Value of the properties. **JOANN WILKIE:** Is the value of the equity position taken in the homes, yes. **The Hon. DANIEL MOOKHEY:** Let me just get this right. Is the $780 million the value of the house purchased by us and the first home buyer? **JOANN WILKIE:** It's the equity position that we have in the properties. **The Hon. DANIEL MOOKHEY:** That would equate to presumably the maximum 20 per cent, the collective provision. What is the difference between the $156 million and $780 million? **JOANN WILKIE:** The difference is—basically, the direct effect of taking an equity position in a home is the conversion of the money from one sort of financial asset—cash—into the interest in a home. That direct effect isn't going to change the Government's net lending. The Government's not going to charge home owners rent and so the value of the new financial asset is going to be less than the initial cash amount. **The Hon. DANIEL MOOKHEY:** We are borrowing cash and then turning it into an equity position that presumably accretes in value if property prices accrete in value, I suspect? **JOANN WILKIE:** I will have to take on notice the detail of the accounting. **The Hon. DANIEL MOOKHEY:** This is just the way the Victorian and WA governments account for it. It's not particularly complicated. Does $780 million over the forward estimates assume growth in the value of the housing asset or not? **JOANN WILKIE:** I'll have to take on notice that detail.
		RESPONSE: Yes, the shared equity interest that is acquired would grow in value if the value of the corresponding properties grows.

		The numbers reported in the 2022-23 Budget Papers do not incorporate any expectations around movements in the value of the Government's financial interest in homes participating in the shared equity scheme. The 2022-23 Budget Papers indicate that the Government is committing $780.4 million for the shared equity scheme. This commitment consists of $758.7 million of government contributions to eligible home buyers and implementation costs of $21.7 million. The shared equity contribution of $758.7 million represents the amount of money that is expected to be provided to homebuyers. When a Government contribution is given to a home buyer, a financial asset will be recognised at its fair value. Because the Government will not charge rent for its interest in homes and because the Government will not be able to exercise other ownership rights in respect of people's homes, the fair value of the asset in the Government's hands is less than the money that is given to the home buyer. This difference appears in the Government's operating statement over the 2 financial years of the scheme as a $134.8 million cost of the discount to the assets' values. The financial assets the Government receives through its shared equity contributions will be revalued at the end of a financial year based on the movements in property values.
57	99	**The Hon. DANIEL MOOKHEY:** On the operating side — put aside the way in which it is recorded as an asset or not and the liability side — what's the operating impact of the shared equity scheme? Is it the extra interest payments we're paying to borrow the money? **JOANN WILKIE:** I'll have to take that on notice, Mr Mookhey. **The Hon. DANIEL MOOKHEY:** If we believe the $780 million, this is by far the most expensive shared equity scheme in the country by a country mile because this is worth more than the Federal Government's scheme, according to this. So I'm just interested in exactly how much of the $780 million is just a bit of liberty that's been taken with a press release. **JOANN WILKIE:** Mr Mookhey, I'll take those details of that on notice.
		RESPONSE:

		The net lending impact of the shared equity scheme is $156.5 million over 4 years. This consists of $134.8 million asset discount expense and $21.7 million implementation costs. When the shared equity contribution is made, a financial asset will be recognised at its fair value. Due to the forgone rent and limitations on decision making power in relation to the asset, the fair value is expected to be below the investment made. The difference is recognised as an asset discount expense. The $780.4 million consists of $758.7 million of government contributions over the 2 financial years and the implementation costs of $21.7 million in net lending terms.
58	99	**The Hon. DANIEL MOOKHEY:** Can I ask on notice, if you don't mind — I'm looking for how much cash needs to be raised by each year over the forward estimates. What is the value of the equity projected in each year of the forward estimates? What is the net interest we pay to obtain the cash to purchase, if you don't mind, on those forward estimates? **JOANN WILKIE:** I'll take that on notice.
		RESPONSE: The estimated value of shared equity contributions is $253 million in 2022-23, $506 million in 2023-24, and nil in 2024-25 and 2025-26. The Government's borrowing needs depend on the entirety of Government expenditure and revenue decisions and cannot be attributed to any single project. If the entirety of the shared equity contributions were raised through borrowings, the resulting interest cost is projected to average $25 million per annum over the four years to 2025-26. Noting this represents a point in time estimate for interest expenses as at the 2022-23 Budget.
59	99-100	**The Hon. DANIEL MOOKHEY:** Let me help you there. Page 5-3 of *Budget Paper No. 1* states that we've set aside: • $703.4 million for a Future Economy Fund to drive growth in emerging high-value industries such as digital technology, medtech and the clean economy Do we know what that is? **SAN MIDHA:** I've got some detail around the Future Economy Fund. There's $142 million to drive research and development, and innovation. There's 342 for commercialisation — supporting firms to bring to market — and $219 million to accelerate growth and investment in priority sectors. **The Hon. DANIEL MOOKHEY:** Who's running this fund? **SAN MIDHA:** This fund —

		PAUL GRIMES: Industry. **SAN MIDHA:** —is in the department of industry and trade. **The Hon. DANIEL MOOKHEY:** Enterprise, Investment and Trade? **SAN MIDHA:** Yes. **The Hon. DANIEL MOOKHEY:** Do they just get $703 million to spend? What are the criteria for this? Does Treasury get told? **SAN MIDHA:** I don't have details on that. I can take that on notice. **The Hon. DANIEL MOOKHEY:** Has any of the money been allocated? **SAN MIDHA:** As yet? Again, I will take that on notice. **The Hon. DANIEL MOOKHEY:** Can we get this profiled over the forward estimates as to how much of each money is being—is this not grant funding? What's going on with this? What's the Treasury's oversight of this $703 million? **SAN MIDHA:** Again, I'll take that on notice and come back with details
		RESPONSE: The Future Economy Fund was announced in the 2022-23 Budget and is the responsibility of the Minister for Enterprise, Investment and Trade. Questions on the criteria and the allocation of the fund should therefore be referred to the Minister. As part of Treasury's ongoing engagement with clusters, Treasury will be informed if there are any risks or changes proposed to the approved funding profiles. The 2022-23 Budget Paper 2 - Outcomes Statement includes the following information on the Future Economy Fund: • $142 million in recurrent expenses over four years to drive research, development and innovation growth in sectors where New South Wales has a natural competitive advantage, such as quantum computing, by funding the delivery of state-of-the-art research infrastructure, and advancing collaboration with universities, the CSIRO and the private sector • $342.4 million in recurrent expenses over four years to boost support for the commercialisation of products, services and emerging digital technologies in fields that will grow the economy and provide targeted support to research institutions, start-ups, scale-ups and small to medium enterprise sectors in New South Wales.

		• $219 million in recurrent expenses over four years to accelerate growth and investment in priority industry sectors, such as modern manufacturing, medtech, defence and aerospace, to deliver significant benefits to the economy, including by building local capability, securing high-value jobs and boosting productivity.
60	101	**The Hon. DANIEL MOOKHEY:** Treasury secretary, how many other projects are you working on that have names like Phoenix, Cooper or the like? **PAUL GRIMES:** As Mr Hay has indicated, from time to time we will give a project a project name just as a simple shorthand for that project. **The Hon. DANIEL MOOKHEY:** Is that designed to evade freedom of information laws and the House's call for papers? **PAUL GRIMES:** Not to my knowledge — that it's designed to evade accountability, no. **The Hon. DANIEL MOOKHEY:** How many such projects are you currently working on? **PAUL GRIMES:** I would have to take that on notice, the extent to which there is anything that's got a project name associated with it.
		RESPONSE: Project names are on occasion given to projects being conducted by NSW Treasury. They are used for a range of reasons including convenience and commercial confidentiality. Treasury does not maintain a central register of such projects, or have any formal protocols regarding their identification and management. Treasury’s Commercial and Procurement group has typically been the group that most actively adopts project names. This group is currently working on four projects that have specific project names.
61	101	**The Hon. DANIEL MOOKHEY:** I've had people contact me from your department saying that there are multiple of these projects underway. Cooper is one; Phoenix is another. I think we had Eagle was another one. Are you working on a project Eagle? **PAUL GRIMES:** I'm not aware of a project Eagle. **The Hon. DANIEL MOOKHEY:** Is there a project Mawson? **PAUL GRIMES:** I am not aware of a project Mawson. I would have to take any details on notice.
		RESPONSE: There was a Project Eagle and a Project Mawson. Both projects were completed prior to 2022.

62	101-102	**The Hon. DANIEL MOOKHEY:** Take me through your response to the Sedgwick review. What are you doing? **PAUL GRIMES:** I indicated, on releasing the Sedgwick review, that we would be accepting all of the recommendations of the Sedgwick review. The Treasury executive board has endorsed that proposal that we would be supporting each of the recommendations of the Sedgwick report, and we're currently going through the process of making sure that we've got detailed arrangements to give effect to each of those recommendations. **The Hon. DANIEL MOOKHEY:** Were you troubled by the report? **PAUL GRIMES:** I think the report does raise some important aspects of our culture that we need to focus on and in particular some of the points that Mr Sedgwick made around ensuring that we take a more open approach when we're dealing with complex matters such as the TAHE matter, and so I think there are issues that go to our culture and we take those quite seriously. **The Hon. DANIEL MOOKHEY:** You provided me a view this morning that you're expecting to sign the State's accounts in its ordinary course. Is that still the position? **PAUL GRIMES:** We're still expecting to sign in the usual course. We're expecting to sign them to enable publication within the statutory deadlines, yes. **The Hon. DANIEL MOOKHEY:** There is no longer a statutory deadline. **PAUL GRIMES:** As I indicated this morning, both the Auditor-General and ourselves are facing some pressures around staffing. There have been a lot of staffing absences as a result of COVID in particular, but at this stage I don't have any other information that we're other than on track to meet our statutory requirements. **The Hon. DANIEL MOOKHEY:** The statutory requirements have changed, and so it's far less defined as to what they are. So what are they? When do you expect? What's your interpretation of the statutory standards? **PAUL GRIMES:** I might just refer to Mr Walters on those matters. **STEWART WALTERS:** Thank you, Mr Mookhey. The accounts are intended to be laid before the House or tabled by the end of November or five months after the end of each year. **The Hon. DANIEL MOOKHEY:** Sure, but my question was: When is the secretary intending to sign the accounts and not necessarily when they're going to be tabled in Parliament, which is the step that is required for the Auditor to formally complete her audit? Last year, your predecessor, Dr Grimes,

		signed those accounts on 16 or 17 December. Are we expecting you to be doing the same this year or is it likely to be earlier? **STEWART WALTERS:** Mr Mookhey, I can try and give you the best advice. As of today, we're still working with the Audit Office and agencies to complete the audits and have them audited such that we can have them endorsed in advance of the tabling. **The Hon. DANIEL MOOKHEY:** The year before the secretary signed around October. **STEWART WALTERS:** That's correct. We typically try to target mid-October. **The Hon. DANIEL MOOKHEY:** Are we still targeting that? **STEWART WALTERS:** We are still targeting mid-October. **The Hon. DANIEL MOOKHEY:** Is KPMG assisting the Treasury in the preparation of the accounts in any respect whatsoever this year? **STEWART WALTERS:** KPMG and Deloitte are helping us with resourcing on a secondment basis, where necessary. **The Hon. DANIEL MOOKHEY:** How much are we spending on them? **STEWART WALTERS:** I can take that on notice.
		RESPONSE: Treasury has several engagements with professional services firms, including KPMG, to provide advice or to provide contractors or secondees to supplement Treasury staffing levels in periods of increased activity. The anticipated cost for these existing engagements is: • $200,000 for KPMG contractors/secondees • $125, 000 for PwC contractors/secondees • $110, 000 for Deloitte advice Separately, Treasury has engaged Deloitte to provide contractor staff to directly support preparation of the Total State Sector Accounts. The anticipated cost of this engagement is $385,000.
63	102	**The Hon. DANIEL MOOKHEY:** Is Ms Heather Watson still engaged to provide advice on specialist matters to do with the Transport Asset Holding Entity? **STEWART WALTERS:** I don't believe so, Mr Mookhey. **The Hon. DANIEL MOOKHEY:** When did that arrangement terminate?

		STEWART WALTERS: Mr Mookhey, as I think has been said before, we have had an arrangement with KPMG, utilising experts like Ms Watson— **The Hon. DANIEL MOOKHEY:** I know the history; I'm just asking whether that arrangement— **STEWART WALTERS:** —over time, and it has been for specific amounts of money and a time period renewed. **The Hon. DANIEL MOOKHEY:** Mr Walters, respectfully— **STEWART WALTERS:** The current agreement with Ms Watson, or KPMG, for technical expertise I believe had expired. I will take it on notice but it had expired.
		RESPONSE: Ms Heather Watson is not currently providing advice on specialist technical accounting matters related to TAHE. Contracts with KPMG to provide detailed technical advice on TAHE have expired.
64	102-103	**The Hon. DANIEL MOOKHEY:** But it was a continuing arrangement that was entered into in February last year. It was meant to expire but then was renewed in September last year, and we're still apparently on a continuing thing. Would you mind, on notice, telling me the date that that particular arrangement expired? **STEWART WALTERS:** I certainly will. If I could make the point, Mr Mookhey, that we do use, from time to time, KPMG, Deloitte, PwC and other experts to supplement Treasury staff. Given the difficulty in recruiting technical accountants, it is something that we do from time to time.
		RESPONSE: The agreement with KPMG to provide general consulting services on accounting policy matters expired on 31 October 2021. Additionally, see response to QoN 62.

Budget Estimates – PC 1 – Treasury and Energy – Attachment 1: NSW Treasury's Accounting paper

Rural Fire Service – Considerations of ownership of the red fleet assets

Summary of Issue: Whether the Rural Fire Service (RFS) or the local councils should recognise the red fleet assets (RFA) on their books.

Currently RFS do not record the RFA, a position that was presented and agreed with the Audit Office (AO) in 2018. In September 2020, a several councils jointly wrote to the Auditor General querying the accounting treatment of the RFA. As a result, the AO requested Treasury re-examine the accounting treatment.

Background: The Rural Fire Fighting Fund (RFFF) is a special deposit account within Treasury's banking system. RFFF purchases RFA, and other assets such as brigade stations, fire control centres, firefighting equipment, uniforms and protective clothing. RFFF also pays the operating expenses of RFS. RFS manage and pay suppliers with these funds. Each year, the funding target of RFFF is prepared by the Minister and agreed with the Treasurer. As the funding target is an overall number for the aforementioned expenditures, RFS prepares a detailed budget each year to allocate the funding target to specific uses. During this process, RFS consults and agrees with councils the spending on RFA, buildings, equipment and maintenance for each district to be paid by the RFFF. The RFFF is funded by contributions from insurance companies (73.7%), Councils (11.7%) and Treasury (14.6%). RFS oversees the procurement of RFA. The RFA are then vested to individual councils upon completion, in accordance with section 119(2) of the Rural Fires Act 1997 (the RF Act). RFS hold the firefighting equipment, uniforms and protective clothing as inventory and then expense them when dispensing to brigades.

Under OLG's model financial report: Financial Reporting Code, councils have the option whether to recognise these assets on their books and thus, there are instances where the RFA are not recorded by either RFS or a council. However, brigade stations and fire control centres are often recognised as assets of local councils.

Work Performed: We reviewed the previous position paper and held discussions with RFS personnel: Stephen O'Malley (CFO) and Myles Foley (Director Finance); and with General Managers and CFOs from Leeton Shire Council, Coffs Harbour City Council, Nambucca Valley Council and Wingecarribee Shire Council, to understand the daily operation of the RFA. We also held discussions State Emergency Service (SES) personnel: Daniel Crocco (Acting CFO) and Nathan Birch (Management Accountant) to understand the operational differences between SES and RFS. . From these conversations, we have summarised our understanding and those factors that indicate control by RFS or Councils in the following analysis.

Relevant Accounting Standards:

AASB *Conceptual Framework for Financial Reporting*

> 4.20 An entity controls an economic resource if it has the present ability to direct the use of the economic resource and obtain the economic benefits that may flow from it. Control includes the present ability to prevent other parties from directing the use of the economic resource and from obtaining the economic benefits that may flow from it. It follows that, if one party controls an economic resource, no other party controls that resource.

> 4.21 An entity has the present ability to direct the use of an economic resource if it has the right to deploy that economic resource in its activities, or to allow another party to deploy the economic resource in that other party's activities.

> 4.23 For an entity to control an economic resource, the future economic benefits from that resource must flow to the entity either directly or indirectly rather than to another party. This aspect of control does not imply that the entity can ensure that the resource will produce economic benefits in all circumstances. Instead, it means that if the resource produces economic benefits, the entity is the party that will obtain them either directly or indirectly.

AASB *Framework for the Preparation and Presentation of Financial Statements*

> 49(a) An asset is a resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity

> Aus49.1 In respect of not-for-profit entities in the public or private sector, in pursuing their objectives, goods and services are provided that have the capacity to satisfy human wants and needs. Assets provide a means for entities to achieve their objectives. Future economic benefits or service potential is the essence of assets. Future economic benefits is synonymous with the notion of service potential, and is used in this Framework as a reference also to service potential. Future economic benefits can be described as the scarce capacity to provide benefits to the entities that use them, and is common to all assets irrespective of their physical or other form.

AASB 10 *Consolidated Financial Statements* – AASB 10 relates to control of 'entities' not individual or groups of assets.

AASB 15 *Revenue from Contracts with Customers*

> 33 Control of an asset refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. Control includes the ability to prevent other entities from directing the use of, and obtaining the benefits from, an asset. The benefits of an asset are the potential cash flows (inflows or savings in outflows) that can be obtained directly or indirectly.

AASB 16 *Leases*

> B9 To assess whether a contract conveys the right to control the use of an identified asset for a period of time, an entity shall assess whether, throughout the period of use, the customer has both of the following:
> a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
> b) the right to direct the use of the identified asset.

Comparison of Operational Features between RFS and SES:

Operational Features	RFS	SES	Observations
Establishment and main functions	The *Rural Fire Act 1997* (the RF Act) was written to establish the Rural Fire Service and its functions. RFS is comprised of the Commissioner, other RFS staff (salaried employees) and volunteer rural fire fighters (s8 of the RF Act). Although, other parts of the RF Act indicate the rural fighters are part of the brigades, that are sperate entities, formed by councils. s9 of the RF Act sets out the functions of RFS, which for this analysis, importantly include: • providing rural fire services for New South Wales • providing services for the prevention, mitigation, and suppression of fires in rural fire districts • protecting persons from dangers to their safety and health, and property from destruction or damage, arising from fires in rural fire districts	The *State Emergency Service Act 1989* (the SES Act) was written to establish the State Emergency Service and its functions. SES is comprised of the Commissioner, Deputy Commissioner, other SES staff (salaried employees), the volunteer officers and volunteer members of all SES units (s7 of the SES Act). s8 of the SES Act sets out the functions of SES, which for this analysis, importantly include: • acting as the combat agency for dealing with floods, tsunamis and storms and co-ordinating the evacuation and welfare of affected communities • protecting persons from dangers to their safety and health, and property from destruction or damage, arising from floods, storms and tsunamis	Both RFS and SES are constituted as a volunteer organisation. They co-ordinate volunteer efforts at both a strategic and tactical level. SES is the lead combat agency as specified in the SES Act. However, the RF Act does not appear to have an equivalent objective.
Formation and operation of brigades/units	s15 of the RF Act regulates the formation of rural fire brigades. A local authority (Council) forms the brigade for its rural fire district (RFD). It is only where a Council refuses or fails to form a brigade, that the Commissioner may do so (s15(4) of the RF Act). RFS agency has no knowledge when this power is exercised.	Under s18 of the SES Act, SES units are registered by the Commissioner. s18AA sets out that membership of an SES unit may be granted by any of the following: (a) the Commissioner, (b) a zone commander, local commander or unit commander responsible for the SES unit	Both RFS and SES provide a support and coordination role to the volunteers, by providing input such as information, training, coordination and aerial support. SES appears to have active involvement in the formation

Operational Features	RFS	SES	Observations
	s21 of the RF Act confers powers on an officer of a rural fire brigade to exercise functions at a fire, incident or other emergency in the RFD for which the brigade was formed – and with approval of the Commissioner outside of the RFD. This means that brigades are able to self-respond to any incident within their RFD, or with approval, respond to an incident outside of the RFD. This means that outside of the declaration of an s44 (see below), a brigade is under the control of its officers. s44 of the RF Act gives the Commissioner a responsibility to take charge of bush fire fighting operations in any part of the State if a number of conditions exist (refer to s44(1)(a)-(d) of the RF Act). In summary, these conditions include a local brigade is not effectively controlling a fire; a fire event is too large for that brigade; or a fire event occurs in a location that is not the responsibility of any brigade. In the 2019-20 fire season, fires were protracted and extended the length of the State, with a large number (43) of extended s44 declarations. This resulted in significant 'out of area' deployments for RFA and brigades, which were co-ordinated by RFS in order to combat the bush fires. This compares to 2018/19 and	The Commissioner appoints the zone commander and unit commander (s16(1) and 17A(1) of the SES Act). The Commissioner also appoints the local commander on the recommendation of the Council for that area (s17(1) of the SES Act). The local commander and unit commander are volunteers, whose operations are directed by SES (the relevant zone commander or the Commissioner) to undertake response and recovery activities (s17(3), and s17A(2) of the SES Act). A zone commander is a SES salaried employee, who is not involved in the actual response but rather in the coordination activities. In practice, SES follows the legislative requirements as noted above and appears to have active involvement in the formation of SES units. SES is responsible for the recruitment of SES units. Local commanders and unit commanders, who control the operations of the local units, are recruited by SES and are subject to the direction from SES. Community members volunteer to become members of local SES units via applications. The local commander or	of SES units. SES forms and registers local SES units. SES also recruits unit commanders or local commanders, who control the activities of local SES units under the direction of SES. SES considers the SES units to be its unpaid employees. In comparison to SES, RFS has no direct involvement in the formation of the brigades and appointment of Brigade Officers (equivalent to SES unit/local commanders). The brigades operate in accordance with the Brigade Constitution and are able to self-respond to any incident within their RFD. RFS only has statutory power to give direction to brigades where an s44 event has been declared. RFS considers the brigades to be independent associations of persons.

Operational Features	RFS	SES	Observations
	2017/18, when there were only 15 and 17 s44 declarations respectively. In practice, when a s44 declaration is made, RFS agency will step in and take responsibility for the following: • Relocating brigades to other districts as necessary; • Taking charge of the planning and determining how to control/suppress fire events; • Setting up base camps; • Engaging heavy plant providers; • Running the aviation desk; and • Community alerts s45(1) allows the Commissioner to give directions to other entities (including brigades) around prevention, control or suppression of a bush fire when he has taken charge under s44. s45(2) specifically allows the Commissioner to exercise the power that apply to an officer under s21, and thereby direct the deployment of resources across the State, provided an s44 event has been declared. As such, the Commissioner only has statutory power to direct resources outside of nominated brigade boundaries where an s44 event has been declared.	unit commander makes the assessment and accepts suitable applicants. In the event that there is no SES unit in a location, alternative action by the SES (pursuant to provisions of its enabling legislation) might include: • assistance from nearby SES units • directions to other SES units to travel to the location • evacuation to protect life • directions to personnel in other NSW emergency service agencies (such as NSW Police and Fire and Rescue NSW).	

Operational Features	RFS	SES	Observations
	In practice, RFS follows the legislative requirements as noted above and has no direct involvement in the formation of the brigades. Community members volunteer to become members of local brigades via applications. Brigades accept suitable applicants in accordance with the Brigade Constitution. The Brigade Officers, such as Captain and Deputy Captain, are elected and appointed by brigade members in accordance with the Brigade Constitution (Service Standard 2.1.4). The Brigade Officers lead and control the activities of brigades within their RFD. In practice, the brigades undertake the following activities: • Hazard reduction – in accordance with bush fire risk management plan developed by Bush Fire Management Committee (Bush Fire Management Committee is a local committee comprised of representatives from Councils, land managers, community organisations, RFS and other fire authorities); • Front-line response to fire events in their district; • Initiating maintenance requirements/needs; • Community education; and		

Operational Features	RFS	SES	Observations
	• Local training drills. In practice RFS agency, undertakes the following activities (outside of a s44 declaration): • Coordination – informing brigades of 000 calls in their districts, and responding to brigades if they request extra support; • Monitoring the hazard reduction activities identified in the bush fire risk management plan; • Creation and maintenance of training and accreditation courses, materials and Service Standards; • Centrally purchasing and dispensing the protective clothing, safety and firefighting equipment to brigades; and • Handling bushfire hazard complaints In the event that there is no brigade in a location, alternative action by the RFS (pursuant to provisions of its enabling legislation) might include: • assistance from nearby brigades • directions to other brigades to travel to the location • evacuation to protect life • directions to personnel in other NSW emergency service agencies (such as NSW Police and Fire and Rescue NSW).		

Operational Features	RFS	SES	Observations
Legal ownership of fleet vehicles	s119(2) of the RF Act requires all fire fighting equipment purchased or constructed from the Rural Fire Fighting Fund (RFFF) to be vested in Councils. Therefore, legal ownership and title rests with the Councils. In practice, RFS follows the legislative requirement as noted above. All RFA are procured or built, this being overseen by RFS and then these assets are vested to the Councils upon completion as per s119(2) of the RF Act. Vested assets will be added to the listing of RFA appended to the rural fire district service agreement.	There is no legislative requirement in relation to equipment purchases in the SES Act. The State Emergency Service Fund (SESF), similar to the RFFF, is a Special Deposit Account within Treasury's banking system to purchase the fleet vehicles, other assets and operating expenses etc. Each year, the funding target of SESF is prepared by the Minister and agreed with the Treasurer. This is then funded by contributions from insurance companies (73.7%), Councils (11.7%) and Treasury (14.6%). SES has control over this account as they manage and pay suppliers with these funds, but SES only has the authority to carry out these payments in regard to what has been approved in the funding target. In practice, all fleet vehicles are centrally procured and legally owed by SES. SES is responsible to register, insure, position, and maintain the fleets.	Both SES and RFS purchase or build the fleet vehicles using money from the Fund. There is no equipment vesting provision in the SES Act compared with the RF Act. SES has the legal ownership of the vehicles, whereas RFS does not.
Service agreement with Councils	s12A of the RF Act allows the Commissioner to enter into a rural fire district service agreement (the Service Agreement) with a Council whereby the Commissioner agrees to undertake functions imposed by or under the RF Act on a Council on behalf of the Council.	There is no legislative requirement in relation to entering into service agreement with Councils in the SES Act. In practice, there are no service agreements between SES and Councils in relation to fleet vehicles.	Both RFS and SES have similar arrangements on the use of Council-owned buildings/facilities. These arrangements are not considered to be leases, because there is no consideration required in

Operational Features	RFS	SES	Observations
	An example Service Agreement with the Council of City of Blue Mountains is attached for information. Attach A - Blue Mountains signed S The Service Agreement specifies functions and obligations the Commissioner manages on behalf of the Council with nominal consideration exchanged. These terms and conditions are generally applied in all Service Agreements. The key function undertaken by RFS on behalf of the Councils is to take care of and maintain the vested fire fighting equipment. Under item 5, the Council allows RFS to use District Equipment which is owned by, vested in or under the control of the Council. In our view it is through this mechanism that RFS is able to direct the use of RFA under s21 of the RF Act outside of a declared s44 event. Councils may technically be able to deny RFS' ability to utilise resources outside of the Council area, but such action would be the subject of significant scrutiny (item 13 of the Service Agreement). Under item 6, the council also grants RFS the occupancy and use of council-owned buildings/facilities.	Councils enter into partnership agreement with SES in relation to the use of the Council-owned buildings/facilities, with nominal consideration exchanged. The purpose of these agreements is to restrict the nature of use and occupancy.	relation to the occupancy of the buildings/facilities. This position has been confirmed with the Audit Office. The buildings/facilities occupied by RFS and SES are assets owned and recognised by Councils. No service agreements exist between SES and Councils in relation to the use of fleet vehicles. In comparison, Councils enter into the Service Agreements with RFS to allow RFS to use the vested assets.

Operational Features	RFS	SES	Observations
Everyday usage of the fleet vehicles	s119(6) of the RF Act allows the Commissioner to utilise unused equipment of a Council in another area, but only with the agreement of the Council. As noted above, due to the action of the Service Agreement, RFS is able to direct the use of RFA under s21 of the RF Act outside of a declared s44 event (item 5 of the Service Agreement). In practice, everyday use of RFA is attached to the brigades – who were formed historically by Councils before RFS was established. RFA are routinely located in Rural Fire Brigade Stations for the brigade to which the assets are attached. At various times they may be deployed either within their district or deployed 'out-of-area'. Equipment is accessible to anyone who has relevant keys or access to the Brigade station. Predominantly this is likely to be brigade volunteers or RFS salaried employees, although may also extend to a variety of Council staff, particularly where the Council provides maintenance services to the RFA and/or Brigade station. Storage, safety and stocktake of the equipment mostly belongs to the brigades, who via their District staff (RFS paid employees), provide information in respect of the vehicle to Councils. The	There is no legislative requirement in relation to the use of equipment in the SES Act. In practice, SES units operate the fleet vehicles. Fleet vehicles can be stored in a combination of places, such as NSW government properties or local SES unit headquarters (facilities provided by local Councils). The access to the fleet assets is restricted to SES units or other salaried SES employees. SES is responsible for the storage, safety and stocktake of all fleet vehicles. The decision on fleet allocation, replacement and reallocations lies with SES. Under SES policy *Operational Standard Fleet Allocation Management Version 1.0,* Senior Manager Capability and Policy Development, in collaboration with Zone Commanders, determines the operational allocation of fleet assets in accordance with strategic operational and service priorities. Therefore, a vehicle can be permanently relocated by SES from one location to another if it fits the operational need, without the permission of Councils or exchange of consideration.	There is no legislative requirement in relation to the use of equipment in the SES Act. SES directs the use of the fleet vehicles. s119(6) allows the Commissioner to utilise unused equipment of a Council in another area, but only with the agreement of the council. However, councils appear to give RFS unrestricted access to the RFA through the service agreements.

Operational Features	RFS	SES	Observations
	District also provides up to date information on the equipment register to Councils. Decisions on fleet allocation, replacement and relocations are made in consultation by the District staff with its Senior Management Team (volunteer leaders) depending on the build program provided by the NSW RFS and funding available from Government. The RF Act also restricts Councils from selling or otherwise disposing of fire fighting equipment without approval of the Commissioner (s119(3)), and directs that the proceeds of sale or loss of fire fighting equipment are returned to the RFFF (s119(4)). As daily use of RFA is attached to brigades, these provisions can be seen as to protect the investment made from the RFFF and ensure RFA being sold and disposed according to operational needs.		
Maintenance of the fleet vehicles	s119(5) of the RF Act requires councils to maintain equipment, including RFA, to the level specified in the service standards determined by the Commissioner. In practice, due to the action of the service agreement, this responsibility falls to the RFS. Brigades initiate the maintenance requirements/ needs. RFS	There is no legislative requirement in relation to the maintenance of fleet vehicles in the SES Act. SES manages the fleet vehicles centrally and is responsible for the maintenance.	The maintenance responsibility appears to follow the legal ownership. SES manages the vehicles centrally. In comparison, RFS manages the maintenance of RFA on behalf of councils through service agreements.

Operational Features	RFS	SES	Observations
	will then engage with councils in that area, utilising councils' maintenance workshops, to carry out the maintenance. Such arrangements are provided at arm's length terms and alternatively, the work can be carried out by external private providers if RFS chooses to.		
Insurance of the fleet vehicles	Currently, RFA are insured under the TMF by the RFS. The arrangement for RFS to insure the red fleet assets on behalf of Councils is reflected in clause 10.2 of the Service Agreement. Other assets held in Brigade stations, and Brigade stations themselves are either insured by the council or uninsured.	All fleet vehicles are included under the SES insurance policy with iCare. SES makes the premium payment and manages the claims with iCare.	The insurance responsibility appears to follow the legal ownership. SES is responsible for the insurance of the vehicles, whereas RFS arranges the insurance of RFA on behalf of councils.

Based on the table above, the key operational differences between SES and RFS are that:

1. SES considers the units to be its unpaid employees, which they form, recruit and direct, while RFS has no responsibility in the formation and recruitment of brigades and considers the brigades to be independent associations of persons.
2. SES centrally manages the fleet vehicles without any involvement from councils, while RFS deploys the RFA under the unrestricted access granted by councils through service agreements.

Although the daily use of the fleet vehicle is attached to both brigades and units, the above essential differences have led to different accounting treatments for SES and RFS. As SES directly procures, registers, insures, maintains, and uses the fleet vehicles to fulfil their business objectives in responding to an emergency, these assets are treated as controlled by SES. In comparison, RFS only has statutory power to give directions to brigades where an s44 event is declared. When there is no s44 event, the brigades are under the direction of Brigade Officers and able to self-respond to any incident within their RFD. It is only through the mechanism set up in the Service Agreements that RFS is able to deploy the RFA on behalf of councils, either within a council's district or 'out-of-area'. Refer to the following section for further analysis on the control of RFA.

Application of Accounting Standards:

AASB 15 *Revenue from Contracts with Customers* (AASB 15) defines control of an asset as '**the ability to direct the use of, and obtain substantially all of the remaining benefits from the asset**' (AASB 15.33). A similar definition of control of an asset is also applied in AASB 16 *Leases* (para B9) and AASB Conceptual Framework for Financial Reporting paragraph (para 4.20). Accordingly, when assessing whether RFS has control of the RFA, the following key factors have been considered:

a) Ability to direct the use of RFA

While RFS procures or constructs the RFA using money from the RFFF, upon completion these assets are vested to councils under s119(2) of the RF Act. Therefore, councils have the legal ownership and title of these RFA.

Under the RF Act [section 9], the key responsibility of RFS (comprised of the Commissioner, salaried RFS employees and volunteer rural fire fighters), is to provide services for the prevention, mitigation, and suppression of fires in rural fire districts. The individual brigades are not controlled by RFS agency, because the formation of brigades rests with councils [section 15 of the RF Act] and Brigade Captains are elected by brigade members [Service Standard 2.1.4].

The brigades and RFS agency have different responsibilities. The RF Act [section 21] states that an officer of a rural fire brigade or group of rural fire brigades is able to self-respond to any incident within the district for which the brigade or group was formed. It is only when an s44 event is declared, that the Commissioner has statutory power to give directions to brigades.

Under Part 4 *Bush Fire Prevention* of the RF Act, councils have the responsibility to take practicable steps to prevent the occurrence of bush fires on, and to minimise the danger of the spread of a bush fire on or from any land, highway, road, street or throughfare under councils' control or management. Routinely it is brigades that perform these activities on behalf of Councils.

On balance, it would appear the councils control the RFA, because:

(a) The councils are responsible for establishing brigades in their LC districts [section 15 of the RF Act];
(b) The councils have legal responsibilities for bush fire prevention [Part 4 Bush Fire Prevention of the RF Act] and brigades are responsible for hazard reduction and local fire responses, in their normal course of business (i.e. outside a s44 event); and
(c) The RFA are legally vested in councils and councils are required to grant permission [section 119(6) of the RF Act] where RFS wants RFA to be used in another LC district.

The fact councils can choose to enter into service agreements with RFS agency to maintain and deploy RFA, further indicates these responsibilities sit with councils.

b) Obtaining the economic benefits from the RFA

According to para Aus49.1 of the *Framework for the Preparation and Presentation of Financial Statements* (the Framework), in the context of not-for-profit entities, future economic benefits is synonymous with the notion of service potential, and is used as a reference also to service potential. As discussed in section a) above, councils have legal responsibility for bush fire prevention and therefore it is councils' service objective. In practice the brigades perform activities for bush fire prevention within their districts on behalf of councils, such as hazard reduction, by utilising the RFA. As a result, these RFA allow for the safety of the people and property within the councils' area. By community assets being protected, councils are able to fulfil their legal responsibility and accrues most benefit from the RFA. In summary, it appears that by contributing 11.7% of the cost, councils obtain the ownership of the RFA and derive 100% of the service potential from these assets.

Concluding Position:

We acknowledge the ownership of assets is judgemental. However, based on the above our view is that RFS should continue to not recognise the RFA that have been vested to the councils, as RFS receive little future economic benefit, and is not able to deploy these assets to another LC district without agreement from councils. This treatment also aligns with our understanding of the operational differences between SES and RFS.

The Council of City of Blue Mountains
the Council

The Commissioner of the NSW Rural Fire Service
the Commissioner

Rural Fire District Service Agreement

Table of Contents

This Agreement made at Katoomba on 13th Day of March 2012

Parties **The Council of The City of Blue Mountains** of 2 Civic Place, Katoomba in the state of New South Wales (**"The Council"**)

The Commissioner of the NSW Rural Fire Service of 15 Carter Street Lidcombe NSW 2141 (**"The Commissioner"**)

Recitals

A. The parties have agreed to enter into a rural fire district service agreement pursuant to the provisions of section 12A of the *Rural Fires Act* 1997 (NSW).

B. The Commissioner has agreed to exercise all of the functions imposed on the Council by and under the *Rural Fires Act* 1997 (NSW) other than those functions specified in clause 4.2.

C. The Commissioner has agreed to undertake the day-to-day management of the rural fire services operating in the District on behalf of the Council.

D. The Council has agreed to provide certain administrative accounting and maintenance services to the Commissioner and to the RFS.

E. The Council has agreed to allow the Commissioner and the RFS to use the District Equipment.

F. The Council has agreed to allow the Commissioner and the RFS to use the Premises.

G. The Council and the Commissioner have agreed to establish a Liaison Committee.

H. The Council has agreed to delegate certain functions, powers and duties to members of the RFS.

The parties agree

1. Definitions

In this agreement:

a) **Act"** means the *Rural Fires Act* 1997 (NSW) as amended.

b) **"Delegation"** means the delegation made by the Council to the District Manager, a copy of which is annexed to this Agreement and marked with the letter "A".

c) "**District**" means the **Blue Mountains** rural fire district.

d) **"District Equipment"** means the Fire Fighting Apparatus and the other vehicles and equipment:

(i) owned by the State of New South Wales;

(ii) owned by the Council; or

(iii) vested in the Council

and used by the Members of the Rural Fire Service operating in the District.

e) **"District Manager"** means the district manager for the District/Team.

f) **"Fire Control Officer"** and **"FCO"** means the fire control officer appointed for the District by the Commissioner.

g) **"Fire Fighting Apparatus"** means all vehicles, equipment and other things used for or in connection with, the prevention or suppression of fire or the protection of life or property in case of fire, by the Members of the Rural Fire Service operating in the District.

h) **"Liaison Committee"** means the Liaison Committee established pursuant to clause 9 of this Agreement.

i) **"Minister"** means the Minister responsible for the administration of the Act.

j) **"Premier"** means the Premier of New South Wales.

k) **"Premises"** means the land and buildings or parts of land and buildings specified in Schedule 1.

l) **"Members of the Rural Fire Service operating in the District"** means the fire control officer for the District, the deputy fire control officers for the District, the other staff of the Service assigned to the District, the group officers and the volunteer rural fire fighters forming the rural fire brigades and groups of rural fire brigades in the District.

m) **"RFS"** means the NSW Rural Fire Service established by the Act.

n) **"Service Standards"** means the Service Standards issued by the Commissioner pursuant to the provisions of section 13 of the Act.

o) **"Term"** means the period specified in clause 3.1 for which this Agreement is to continue.

2. Interpretation

In this Agreement:

(a) headings are for convenience only and do not affect interpretation; and unless the context indicates a contrary intention;

(b) words importing the singular include the plural and vice versa, and words denoting a given gender include all other genders;

(c) the expression "person" includes an individual, the estate of an individual, a body politic, a corporation and a statutory or other authority or association (incorporated or unincorporated);

(d) references to parties, clauses, sub-clauses, schedules, exhibits or annexures are references to parties, clauses, sub-clauses, schedules, exhibits and annexures to or of this Agreement and a reference to this Agreement includes any schedule, exhibit and annexure;

(e) references to this Agreement, or any other deed, agreement, instrument or document shall be deemed to include references to this Agreement, or other deed, agreement, instrument or document as amended, novated, supplemented, or replaced from time to time.

(f) a reference to an agreement includes a representation, undertaking, deed, agreement or legally enforceable order or arrangement or understanding, whether or not in writing;

(g) a reference to a document includes any written agreement and any certificate or note or other document of any kind;

(h) references to any person or to any party to this Agreement include that person's or party's executors, administrators, successors and permitted assigns;

(i) where any word or phrase is given a defined meaning any other part of speech or grammatical form in respect of that word or phrase has corresponding meaning;

(j) where the day on or by which any sum is payable under this Agreement, or any act, matter or thing is to be done is a day other than a Business Day, that sum will be paid and such act, matter or thing will be done on the immediately preceding Business Day;

(k) where two or more parties to this Agreement make a joint covenant, undertaking, representation or warranty, it will be construed to refer to and bind each of such parties jointly and each of them severally;

(l) references to payments to any party to this Agreement will be construed to include payments to another person upon the direction of such party;

(m) all payments to be made pursuant to this Agreement will be made by unendorsed bank cheque or other immediately available funds; and

(n) reference to any legislation or to any section or provision of any legislation includes any statutory modification or re-enactment or any statutory provision substituted therefore and all ordinances, by-laws, regulations and other statutory documents issued there under.

3. Commencement and Term

3.1. Notwithstanding the date upon which this Agreement is signed the parties agree that the operation of the Agreement will commence on **1 July 2012** and continue until it is terminated pursuant to provisions of clause 14.

3.2. This Agreement replaces the Service Agreement between the Commissioner and the Council dated 17 July 2001.

4. Commissioner to exercise Councils' Functions and manage the District

4.1 This Agreement is a rural fire district service agreement under section 12A of the Act.

4.2 The Commissioner will, in consideration of an annual fee of $1.00 payable by the Council:

(a) exercise, for the Term, all of the functions imposed on the Council by or under the Act other than those functions specified in

(i) sections 7, 12A, 37(3), 60(2), 60(6), 62, 63, 64,65,74(1)(2)(a) & (b),74C(3), 76, 77, 79, 95, 83(1)(a),100E (2)(b) & (c), 100G, 100H, 104, 109, 110, 119 (save for sub-section 119 (5)), 120 and 126 of the Act; and

(ii) Regulations 14(a), and 37 of the Rural Fires Regulation (2008):

(b) undertake the day to day management of the RFS in the District.

4.3 The Council will:

(a) deliver a written report to the Commissioner setting out the information specified in sub-sections 74 (1), 74 (2) (a) & 74 (2) (b) of the Act not later than three months after the end of the Financial Year;

(b) deliver to the Commissioner any bush fire hazard complaint it receives within 14 days of receipt of the complaint;

(c) upon request, provide the RFS with the following datasets for use in undertaking assessments in accordance with the Bush Fire Environmental Assessment Code on behalf of Council:

Data Type	Format
Weeds map	GIS layer if available and hard copy map if available
Heritage sites	GIS layer if available and hard copy map if available

(d) upon request, provide the RFS with the following data for use in undertaking assessments in accordance with the Bush Fire Environmental Assessment Code on behalf of Council:

(i) property address; and

(ii) property ownership

This data must be provided by Council within 2 working days of a request being made; and

(e) upon request, provide the RFS with a copy of any consent provisions imposed by the Council pursuant to clause 2.7 of the Bush Fire Environmental Assessment Code, 2006.

4.4 The Council acknowledges that, in exercising the Councils' functions pursuant to this Agreement the Commissioner may, but is not obliged to, utilise or provide additional equipment or personnel in addition to the District Equipment and the Members of the Rural Fire Service operating in the District.

5. District Equipment

5.1 The Council agrees that it will, during the Term, make available to and allow the Commissioner and the RFS to use the District Equipment which is owned by, vested in or under the control of the Council.

5.2 The Commissioner agrees that he or she will, during the term of this Agreement, maintain the District Equipment on behalf of the Council in accordance with the applicable Service Standards.

5.3 The RFS will maintain a register of the District Equipment.

6. Land and Buildings

6.1. The Council agrees that it will, during the Term, allow the Commissioner and the RFS to occupy and use the Premises (being the land and buildings or parts of land and buildings specified in Schedule 1), or such other land and buildings as may be agreed upon in writing between the Council and the Commissioner, on the following terms and conditions:

6.2. The Council grants and the Commissioner accepts a licence to enter and use the Premises during the term of this Agreement.

6.3. The Commissioner has:

(a) a personal right of occupation of the Premises on the terms specified in this Licence;

(b) no tenancy, estate or interest in the land on which the Premises are situated.

6.4. The legal right to possession and control over the Premises and the land upon which they are situated remains vested in the Council throughout the term of this Licence.

6.5. The Council will:

(a) not interfere with the Commissioner's use and enjoyment of the Premises during the Term;

(b) pay all rates, taxes, electricity, gas, oil and water charges separately metered and charged to the Premises;

(c) maintain the Premises in good repair in accordance with paragraph 6.7; and

(d) effect and keep current at all times during the continuance of this Agreement the following insurances:

(i) building insurance; and

(ii) public risk insurance in an amount of not less than $20,000,000.

6.6. The Commissioner will:

(a) not occupy or use the Premises for any purpose other than the provision of rural fire services and any other purpose incidental thereto, without the prior consent of the Council, which shall not be unreasonably withheld or delayed;

(b) not assign the benefit of this licence or grant any sub-licence;

(c) keep the Premises clean and tidy and carry out minor repairs and maintenance in accordance with paragraph 6.8;

(d) comply with all statutes, regulations and ordinances regarding its use of the Premises; and

(e) not deface or alter the Premises without the consent of the Council, such consent not to be unreasonably withheld or delayed.

6.7. The Council will undertake all painting, maintenance and repairs of the Premises involving:

(a) the roof and external structure of the Premises;

(b) any internal or external fittings or fixtures placed by the Council;

(c) any work that must be carried out by a licensed trades person, including, but not limited to:

(i) electrical repairs and maintenance; and

(ii) plumbing repairs and maintenance; and

(d) maintenance and repair of any air conditioning or heating system.

6.8. The Commissioner will undertake any painting, maintenance and repairs of the Premises involving:

(a) the ceiling and internal structure of the Premises;

(b) any internal or external fittings or fixtures placed by the RFS; and

(c) the lawn, garden and grounds surrounding the Premises.

7. Administrative, Accounting and Maintenance Services

7.1 The Council will, in consideration of an annual fee of $1.00 payable by the RFS to the Council, provide to the Commissioner and the RFS the administrative, accounting and maintenance services specified in Schedule 2.

7.2 The Council or its General Manager will delegate to the District Manager the functions specified in Annexure "A" for the purpose of enabling the District Manager to utilise the Council's administrative, accounting and maintenance services.

7.3 The District Manager will, in exercising the functions delegated to him or her pursuant to clause 7.2, ensure that they are exercised in accordance with the Council's policy and procedures.

8. Finance

8.1 The Council will, in consultation with the Commissioner, by no later than 30 September of each year, submit to the Commissioner an estimate of probable expenditure for the District for the next financial year (**"the Bid"**).

8.2 Following consultation with the Council, the Commissioner will, by no later than 28 February of each year, submit to the Council:

(a) a probable allocation of expenditure for the District for the next financial year (**"the probable allocation"**); and

(b) a probable contribution (**"the probable contribution"**) by the Council to the New South Wales Rural Fire Fighting Fund (**"the Fund"**).

8.3 In the event that the Commissioner and the Council cannot agree upon the contribution of the Council to the Fund within 28 days of the Commissioner delivering the probable allocation and probable contribution to the Council pursuant to clause 8.2, the parties will ask the Minister to determine the Council's contribution pursuant to section 110 of the Act.

8.4 The Commissioner will, following consultation with the Council, provide the Council with a budget forecast of the expenditure for the District for the next four years, commencing on 1 July 2012, then updated annually.

8.5 In preparing the budget forecast the Commissioner will consult with the Council in relation to a range of matters including:

(a) the Council's capacity to contribute to the Fund; and

(b) RFS and government policies with respect to:

(i) the replacement of District Equipment;

(ii) the District's requirements by reference to Standard of Fire Cover and other policies; and

(iii) standards for fire stations and other facilities.

8.6 The Commissioner will provide to the Council on 1 July 2012 then update annually, a draft 10 year capital works program for the District identifying projected capital works requirements by reference to RFS and government policies with respect to:

(i) the replacement of District Equipment

(ii) the District's requirements by reference to Standards of Fire Cover and other policies; and

(iii) standards for fire stations and other facilities.

8.7 Where the Council provides funds for the delivery of rural fire services in the District in addition to its statutory contribution to the Fund the District Manager will, on behalf of the Commissioner, manage those funds in accordance with any relevant policies or directions of the Council.

8.8 The Council acknowledges that, in exercising the Council's functions pursuant to this Agreement, the Commissioner:

(a) has unrestricted access to and may expend, in the Commissioner's discretion, the monies received by the Council from the Fund for the delivery of rural fire services in the District; and

(b) may, but is not obliged to, expend any monies in addition to those referred to in paragraph (a).

8.9 The Council acknowledges that the funding for the expenditure under the Maintenance and Repair sections of the Fund estimates process shall continue to be provided on a reimbursement basis.

8.10 The Council will provide the District Manager with a quarterly report of the amount of the RFS budget for the District that has been expended in a format agreed between the District manager and the Council.

9. Liaison Committee

9.1 The Liaison Committee will consist of **7** members as follows:

(a) two Councillors from the Council appointed by resolution of the Council;

(b) the General Manager of the Council or his or her delegate;

(c) two volunteer rural fire fighters from the District appointed by the local branch of the NSW Rural Fire Service Association Inc (**"the RFSA"**), or, in the absence of a local branch of the RFSA, elected in accordance with the applicable Service Standard;

(d) one member of the RFS staff assigned to the District nominated by the District Manager and approved by the Regional Manager for the District; and

(e) the District Manager who will be the committee's Executive Officer.

9.2 The Commissioner, the Council and the groups or entities which appoint or elect members of the Liaison Committee pursuant to sub-clauses 9.1(c) and (d) respectively may appoint another person to attend any meeting of the Liaison Committee in the event that the person they have elected pursuant to clause 9.1 is unable, for any reason, to attend that meeting.

9.3 The Liaison Committee will:

(a) monitor and periodically review the performance of this Agreement by the Council and the RFS;

(b) review the following documents prepared by the District Manager prior to submission to and consideration by the Council:

(i) the annual budget and business plan; and

(ii) the quarterly financial and performance reports

9.4 The procedures for calling meetings and the conduct of business at those meetings shall be determined by the Liaison Committee.

9.5 Minutes of each meeting of the Liaison Committee must be circulated to each of the Council, the members of the Liaison Committee and the Commissioner within 2 weeks of the meeting.

9.6 The Liaison Committee is not a committee of the Council or the RFS.

10. Insurance and Related Covenants

10.1 The Council agrees that it will, during the Term, effect and keep current the following insurances (**"the Council's Insurances")**:

(a) property damage and public liability insurance in relation to the Premises;

(b) compulsory third party and comprehensive insurance in relation to any motor vehicles which form part of the District Equipment, except for motor vehicles which are listed on the register of RFS "Red Fleet" vehicles or where otherwise agreed in writing between the Council and the Commissioner;

(c) property damage and public liability insurance, third party and comprehensive insurance (including fire and theft), in relation to all Premises and District Equipment, except for motor vehicles which are listed on the register of RFS "Red Fleet" vehicles, controlled, occupied or managed by the Commissioner or the RFS including, but not limited to:

i. marine fire fighting equipment;

ii. wharves, jetties or boat sheds;

iii. radio base stations;

iv. radio transmitting towers;

v. computer paging systems;

vi. pager repeater sites and towers;

vii. fire spotting towers; and

viii. training facilities.

10.2 The Commissioner agrees that the NSW RFS will, during the Term, effect and keep current the RFS's indemnity coverage with the NSW Treasury Managed Fund ("**the TMF Indemnity**") to provide, in accordance with the terms and conditions of the TMF Indemnity, third party liability cover and comprehensive motor vehicle cover in relation to any motor vehicles which form part of the District Equipment and are listed on the register of RFS "Red Fleet" vehicles, except where otherwise agreed in writing between the Council and the Commissioner.

10.3 The District Manager may authorise the Executive Committee of a rural fire brigade to effect insurance in relation to any specified item or items of equipment that have been purchased by the brigade or its members or which have been donated to the brigade.

10.4 The Commissioner on behalf of the RFS covenants with the Council that the RFS will, during the Term, in respect of the Council's functions under the Act, which the Commissioner has agreed to exercise, effect and keep current the TMF Indemnity.

10.5 Indemnity by the Council:

(a) The Council agrees to indemnify the Commissioner, the RFS, its members and agents from and against all actions, claims, costs, losses, expenses and damages (including the costs of defending or settling any action or claim) in respect of:

(ii) Loss of, loss of use of, or damage to property of the RFS; or

(iii) Personal injury (including death) or illness to any person or loss of, loss of use of, or damage to any property;

arising out of or by reason of anything deliberately or negligently done or omitted to be done by the Council, the Council's officers or employees.

(b) The Council's liability to indemnify the Commissioner, the RFS, its members and agents, is reduced proportionally to the extent that a malicious or negligent act or omission of the Commissioner, the RFS, its members and agents (other than of the Council) or a breach of this Agreement by the Commissioner has contributed to the injury, damage or loss.

10.6 Indemnity by the Commissioner and RFS:

(a) The Commissioner and RFS indemnifies the Council and its agents from and against all actions, claims, costs, losses, expenses and damages (including the costs of defending or settling any action or claim) in respect of:

(iv) Loss of, loss of use of, or damage to property of the Council; or

(v) Personal injury (including death) or illness to any person or loss of, loss of use of, or damage to any property;

arising out of or by reason of anything deliberately or negligently done or omitted to be done by the Commissioner, the RFS or its members.

(b) The liability of the Commissioner and the RFS to indemnify the Council is reduced proportionally to the extent that a malicious or negligent act or omission of the Council or employees or agents (other than of the Commissioner or RFS) of the Council or a breach of this Agreement by the Council has contributed to the injury, damage or loss.

11. Key Performance Indicators

The Commissioner and the Council will, in carrying out their obligations under this agreement, endeavour to meet the Key Performance Indicators that are specified in Schedule 3 or agreed in writing between the Council and Commissioner from time to time.

12. Reporting and Review

12.1 The District Manager will submit a report to the Council, based on the current district business plan, within 6 weeks of the end of the financial year.

12.2 The report will be tabled at the next Liaison Committee meeting.

12.3 The District Manager will provide the Council with information that is reasonably required by it to comply with its reporting obligations under the Local Government Act, *1993.*

12.4 The Council will, within 30 days of the end of the financial year, provide the District

Manager with a report of the amount expended on Maintenance and Repairs during the preceding financial year in a format agreed between the District Manager and the Council.

12.5 The Council will enter data relating to its hazard reduction program into any reporting system in accordance with the policy and procedures specified by the NSW Bush Fire Co-ordinating Committee from time to time.

13. Dispute Resolution

13.1 The parties will use their best endeavours to avoid and resolve any disputes in relation to the performance of their respective obligations under this Agreement.

13.2 In the event that the parties are still unable to resolve the matter in dispute the matter in dispute will be referred to the Ministers who will decide the matter. If the Ministers cannot resolve the matter within 21 days, the matter will be resolved by the Premier.

14. Termination

This Agreement will terminate:

a) if either party breaches it's obligations under this Agreement and fails to rectify that breach within 21 days of the other party giving written notice to the party in default requiring that the breach be rectified;

b) immediately upon the revocation of, or failure to renew, the delegation;

c) immediately in the event that the Council refuses to advance monies in respect of maintenance of the District Equipment; or

d) upon the expiration of six months notice in writing given by either the Council or the Commissioner.

15. GST

15.1 The parties acknowledge that the amounts set out in this Agreement as consideration for supplies are calculated without regard to GST.

15.2 If any party to this Agreement (**"Supplier"**) becomes liable to remit GST in respect of a taxable supply made under or in connection with this Agreement, the person to whom that supply is made **("Recipient")** shall, in addition to any other consideration, which the Recipient is required to provide to the Supplier in connection with that taxable supply under other provisions of this Agreement, pay to the Supplier the amount of the Supplier's GST liability.

15.3 The additional amounts to be paid by the Recipient under paragraph 15.2 will be payable at the same time as the other consideration for that taxable supply is to be provided in accordance with the other provisions of this Agreement.

15.4 The Supplier will provide to the Recipient a tax invoice for each taxable supply made under or in connection with this Agreement at or before the time the Recipient is required to provide the consideration for that taxable supply.

15.5 The parties will endeavour to minimise the impact of GST on the transactions contemplated by this Agreement and will provide reasonable assistance to one another with regard to the claiming of input tax credits in respect of taxable supplies to which paragraph 15.2 relates.

15.6 "GST" and other terms used in this Clause 15 which are defined under *A New Tax System (Goods and Services Tax) Act* 1999 (Cth) have the meanings provided by that Act. A reference to a party's liability for GST will include the GST liability of the representative member of any GST group to which that party belongs.

16. Further Assurance

The parties covenant and agree that each will do all acts and things and execute all deeds and documents and other writings as are from time to time reasonably required for the purposes of or to give effect to this Agreement.

17. Governing Law

This Agreement will be governed by and construed in accordance with the laws of New South Wales.

18. Waiver

No waiver of any breach of this Agreement will be held or construed to be a waiver of any other subsequent or antecedent breach of this Agreement.

19. Notices

19.1 All notices, requests, consents, and other documents authorised or required to be given by or under this Agreement will be given in writing and either personally served or sent by facsimile transmission ("**fax**") or email addressed as follows:

The Commissioner

To: The Commissioner

Address:

Fax No.:

Email Address:

The Council

To: The General Manager
Blue Mountains City Council

Address:

Fax No.:

Email Address:

19.2 Notices, requests, consents and other documents ("**Notices**") will be deemed served or given:

a) if personally served by being left at the address of the party to whom the Notice is given between the hours of 9.00am and 5.00 pm on any Business Day, then in such case at the time the Notice is so delivered;

b) if sent by fax or email, then in such case when successfully transmitted during business hours, or if not during business hours, then when business hours next commence.

19.3 Any party may change its address for receipt of Notices at any time by giving notice of such change to the other party. Any Notice given under this Agreement may be signed on behalf of any party by the duty authorised representative of that party and will be sent to all parties to this Agreement.

20. Counterparts

This Agreement may be signed in any number of counterparts and all such counterparts taken together will be deemed to constitute one and the same document.

21. Modification

This Agreement may not be modified, amended, added to or otherwise varied except by a document in writing signed by each of the parties.

22. Legal Costs

Each party will bear their own legal costs in relation to this Agreement.

23. Entire Agreement

This Agreement comprises the entire agreements between the parties and no earlier agreement, understanding or representation, whether oral or in writing, in relation to any matter dealt with in this Agreement will have any effect from the date of this Agreement.

24. Severability

In the event that part of all of any clause of this Agreement is held to be illegal or unenforceable it will be severed from this Agreement and it will not effect the continued operation of the remaining provisions of this Agreement.

THE COUNCIL OF THE CITY OF BLUE MOUNTAINS

Signed **as an agreement.**

Whereupon the Common Seal of **Blue Mountains City Council** was hereunto affixed by the authority of the Council in accordance with a resolution passed at the ordinary meeting of the Council held on 13 March 2012, Minute Number 101, in the presence of:

Mayor, Daniel Myles

General Manager, Robert Greenwood

Signed by
Shane Fitzsimmons AFSM,
Commissioner,
NSW Rural Fire Service
in the presence of:

Signature

Signature of Witness

Name of Witness in full

Annexure A

Instrument of Delegation from the General Manager, Blue Mountains City Council, to the staff of the Blue Mountains District of the NSW Rural Fire Service

---

I, Robert Greenwood, General Manager of the Blue Mountains City Council, pursuant to my powers of delegation under Section 378(1) of the *Local Government Act, 1993:*

A. delegate to the Rural Fire Service Staff of Blue Mountains District of the New South Wales Rural Fire Service who are holding or acting in the positions nominated in the attached schedules (the "RFS Staff') those of the functions conferred on me by the *Local Government Act, 1993* or another act or delegated to me by Council, as are specified in those schedules; and

B. determine that all such delegations to the RFS Staff shall be subject to the limitations and exceptions specified in the schedules and to the exceptions detailed hereunder; and

C. determine that all such delegations to the RFS Staff shall be subject to the limitations and exceptions specified in the schedules and to the exceptions detailed hereunder; and

D. determine that in exercising a delegated function a delegate may exercise all functions that are incidental to the delegated function.

The delegations may only be exercised:

1. In a way that is consistent with legislation, prescribed standards, codes and policies and decisions of the Blue Mountains City Council and the General Manager.

2. By a person appointed to the position nominated in the schedules or a person acting in that position.

EXCEPTIONS

Budget and Resource Allocation

1. Entering into commercial contracts other than those necessary for the routine acquisition by written order of goods, services or consultancies of the value of. not more than the maximum amount of expenditure that can be incurred by the delegate with respect to Council allocated monies.

2. Disposal of property of Council other than light motor vehicles and equipment.

Annexure A

Instrument of Delegation from the General Manager, Blue Mountains City Council, to the staff of the Blue Mountains District of the NSW Rural Fire Service

---

SCHEDULES

District Manager. Blue Mountains District, NSW Rural Fire Service

Expenditure – approved budget

To incur operating and capital expenditure on behalf of Council in accordance with the budget, approved, votes, relevant statutory authority and with Council policies. *Limitation:*

This delegation is exercisable only in respect of expenditure up to $50,000.

Administration Officers. Blue Mountains District, NSW Rural Fire Service

Expenditure – approved budget

To incur operating and capital expenditure on behalf of Council in accordance with the budget, approved, votes, relevant statutory authority and with Council policies. *Limitation:*

This delegation is exercisable only in respect of expenditure up to $5,000.

Fleet Support Officer. Blue Mountains District. NSW Rural Fire Service

Expenditure – approved budget
To incur operating and capital expenditure on behalf of Council in accordance with the budget, approved, votes, relevant statutory authority and with Council policies. *Limitation:*

This delegation is exercisable only in respect of expenditure up to $5,000.

Signed by **Robert Greenwood** this
day of 14/05/12 in the presence of:

Signature

Signature of Witness

Name of Witness in full

Budget Estimates – PC 1 – Treasury and Energy - Attachment 2: Empowering Homes installation by postcode

Empowering Homes installation by postcode

Post Code	Battery only systems	Solar and battery systems	Total installs
2250	<10	<15	15
2251	0	<10	<10
2256	<10	<10	<10
2257	<10	<10	<10
2259	<10	<15	15
2260	<10	<10	<10
2261	<10	0	<10
2262	<10	<10	<10
2263	<10	<10	<10
2264	<10	<10	<10
2265	<10	<10	<10
2267	<10	0	<10
2278	0	<10	<10
2280	<10	<15	15
2281	<10	<10	<10
2282	<10	<10	<10
2283	<10	<15	14
2284	<10	<10	13
2285	<10	<20	24
2286	0	<10	<10
2287	<10	<10	10
2289	<10	<10	<10
2290	<10	<15	17
2293	0	<10	<10
2294	<10	<10	<10
2295	<10	<10	<10
2303	0	<10	<10
2304	<10	<10	<10
2305	<10	<10	<10
2307	0	<10	<10
2315	<10	<10	10

Post Code	Battery only systems	Solar and battery systems	Total installs
2316	<10	<10	<10
2317	<10	<10	<10
2318	<10	<10	<10
2319	<10	0	<10
2320	10	15	25
2321	<10	<15	16
2322	<10	<10	15
2323	<10	<15	17
2324	<10	<10	15
2325	<10	<15	20
2326	<10	<10	<10
2327	<10	<10	<10
2328	0	<10	<10
2330	<10	<15	17
2333	<10	<10	10
2334	<10	0	<10
2335	<10	<10	<10
2336	0	<10	<10
2337	<10	<10	<10
2338	<10	<10	<10
2340	0	15	15
2354	0	<10	<10
2420	<10	<10	<10
2421	0	<10	<10
2422	0	<10	<10
2423	<10	0	<10
2427	<10	<10	<10
2428	<10	<10	<10
2429	<10	<10	<10
2430	<10	<15	16
2439	<10	0	<10
2440	<10	<10	<10

Budget Estimates – PC 1 – Treasury and Energy - Attachment 2: Empowering Homes installation by postcode

Post Code	Battery only systems	Solar and battery systems	Total installs
2443	<10	0	<10
2444	0	<10	<10
2753	<10	<10	<10
2756	<10	<10	<10
2758	0	<10	<10
2765	<10	<10	<10
2773	<10	<10	<10
2774	0	<10	<10
2775	<10	<10	<10
2777	0	<10	<10
2779	<10	<10	<10
2780	<10	<10	<10
2782	<10	<10	<10
2783	0	<10	<10
2787	<10	<10	<10
2790	<10	<10	<10
2795	<10	<20	18
2799	<10	0	<10
2800	<10	<20	21
2847	0	<10	<10
2850	<10	<10	<10
2864	<10	0	<10
2866	<10	<10	<10
2446	0	<10	<10
2784	<10	0	<10
2291	0	<10	<10
2785	0	<10	<10
2798	0	<10	<10
2311	0	<10	<10
2804	<10	0	<10
2445	<10	0	<10
2845	<10	0	<10

Post Code	Battery only systems	Solar and battery systems	Total installs
2258	0	<10	<10
2425	0	<10	<10
2786	0	<10	<10
2776	0	<10	<10
Total	**191**	**430**	**621**