



Treasurer
Minister for Industrial Relations

Ms Rebecca Main
Director, Committees
NSW Legislative Council
Parliament House
Macquarie Street
SYDNEY NSW 2000

Dear Ms Main,

BUDGET ESTIMATES – ADDITIONAL INFORMATION

Please find enclosed answers providing additional information in relation to the portfolio of Treasury and Industrial Relations, as requested by General Purpose Standing Committee No.1.

Yours faithfully,

Gladys Berejiklian MP
Treasurer
Minister for Industrial Relations

BUDGET ESTIMATES 2016-2017

Additional information request

General Purpose Standing Committee No. 1

TREASURY, INDUSTRIAL RELATIONS

- **Question on notice on page 16 of the transcript: expended and estimated costs relating to the Australian Energy Regulator determination**

I am advised that the businesses' decision to appeal the AER decision considered the safety and reliability of electricity networks in NSW. I note the decision to appeal considered the merits of the AER determination and whether National Electricity Rules designed to provide safe, reliable and affordable electricity to 3.3 million electricity consumers in NSW were followed.

On the 26 of February 2016, the Australian Competition Tribunal ruled in favour of the appeal – vindicating the businesses' decision to appeal. The AER appealed to the Federal Court and this is currently being considered. Should the AER determination be revised upwards, this will increase the minimum number of Ausgrid full time equivalent employees.

As Treasurer, I am responsible for the transaction of the relevant electricity businesses as part of the long term lease of a portion of the electricity network. The businesses' decision to appeal the AER determination is not related to the transaction, rather day to day operations of the businesses. Therefore, questions related to details around the appeal should be directed to the Minister for Industry, Resources and Energy.

However, I am advised that financial statements, including legal fees expenditure and expenditure on consultants are disclosed according to requirements in SOC Annual Reports.

- **Supplementary questions 41-51 and 97-107, 135-159 relating to port issues.**

In addition to my previous response, I note that the substantive issues covered by the questions have been addressed by the Minister for Roads, Maritime and Freight in the NSW Parliament Legislative Council on 10 August 2016:

As the Government has consistently said, the leasing terms of Botany and Port Kembla do not prohibit the development of a container terminal at the Port of Newcastle. In fact, there is ample opportunity for increased container trade at the port.

This is the important thing that the Labor Party does not understand. The port transaction deeds do not trigger any cross-payments until a threshold container throughput is reached. That threshold is based on 30,000 containers each year, plus an extra 6 per cent growth in volume each year—and that 6 per cent compounds. Based on current growth rates, it is highly unlikely current container trade in Newcastle will reach the applicable threshold before such time as Newcastle is required to establish high-intensity container terminals to meet the forecast population and business needs of the Hunter.

Yearly trade at Newcastle is currently at a steady 9,000 containers. In other words, it would take a massive 230 per cent increase in container trade volume just to reach the 30,000 TEU threshold. That is where it is now. It is at 9,000 and it can go to 30,000. That is a 230 per cent increase to get to that threshold—and that still does not take into account the compounding 6 per cent growth allowed for each year.

Applying the formula to the outer years gives the result that by 2030 the threshold at Newcastle will be approximately 80,000 boxes, by 2040 it will be 144,000 boxes, and by 2050 it will be almost 260,000 boxes. The Port of Newcastle will continue to be the primary coal export facility for New South Wales and will continue to diversify into bulk grain and other commodities, including fuel. The New South Wales Government engaged closely with the Australian Competition and Consumer Commission and other regulatory bodies as part of these transactions. Port Botany remains the key container facility for New South Wales for a range of logistical and commercial reasons.

About 85 per cent of the imported containers landing at Port Botany are distributed within 40 or 50 kilometres of the terminal gates, to warehouses, distribution centres and freight hubs in western and south-western Sydney. This is key. We are not running a cargo cult in New South Wales. If the stuff is intended to go into Sydney, it should come to Sydney. We are not going to pay people to clog up the M1 and the rail infrastructure between Newcastle and Sydney.

I am advised that the extent to which the Government carries on a business for the purposes of the Competition and Consumer Act 2010 is a matter of law not agreement. I am further advised the Government's transaction team engaged extensively with the ACCC from the early stages of all the port transactions regarding the competition and regulatory framework supporting the transactions.

- **Supplementary questions 55-65 and 111-121 relating to the Office of Industrial Relations.**

In addition to my previous response, I can advise the NSW Industrial Relations (NSW IR) budget for 2016-17 is \$11.2 million.

The primary functions of NSW IR are to monitor wages, employment rights, obligations and employment conditions in NSW, including the NSW public sector.

In 2016-17, NSW IR is:

- providing strategic public and private sector policy advice to the NSW Government
- providing specialist support to public sector agencies
- actively participating as a partner in the Commonwealth's national workplace relations framework
- administering NSW laws regulating retail trading hours, public holidays and long service leave
- providing advice with respect to entitlements, providing proactive compliance programs, undertaking targeted industry compliance campaigns and investigating complaints
- assisting Aboriginal and Torres Strait Islanders in NSW to understand their rights and responsibilities as employees, employers and managers.

The 2015-16 budget was \$10.8 million.

I am advised that NSW IR investigators received 199 formal complaints during the 2015-16 financial year. NSW IR investigators recovered \$604,258.00 in long service leave entitlements for 97 employees. NSW IR investigators completed 298 formal complaints during the 2015-16 financial year. Four were registered and referred to the Fair Work Ombudsman.