

GENERAL PURPOSE STANDING COMMITTEE NO. 6

Thursday, 1 September 2016

Examination of proposed expenditure for the portfolio area

INNOVATION AND BETTER REGULATION

UNCORRECTED PROOF

The Committee met at 16:15

MEMBERS

The Hon. P. Green (Chair)

The Hon. L. Amato

The Hon. C. Cusack

Mr J. Field

The Hon. S. Mallard

The Hon. D. Mookhey

Mr D. Shoebridge

The Hon. E. Wong

PRESENT

The Hon. Victor Dominello, *Minister for Innovation and Better Regulation*

CORRECTIONS TO TRANSCRIPT OF COMMITTEE PROCEEDINGS

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

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

The CHAIR: Welcome to the public hearing for the inquiry into budget estimates 2016-2017 on Innovation and Better Regulation. Before I commence I acknowledge the Gadigal people, who are the traditional custodians of this land. I pay my respects to the elders, past and present, of the Eora nation and extend that respect to other Aboriginal people present or those who may be joining us today online. I welcome to the hearing Minister Dominello and accompanying officials. Today the Committee will examine the proposed expenditure for the portfolio of Innovation and Better Regulation. Today's hearing is open to the public and is being broadcast live on the Parliament's website. A transcript of today's hearing will be placed on the Committee's website when it becomes available.

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

There may be some questions that witnesses could answer if they had more time or certain documents at hand. In those circumstances witnesses are advised that they can take a question on notice and provide an answer within 21 days. Any messages from advisers or members' staff seated in the public gallery should be delivered through the Committee secretariat. Minister Dominello, I remind you and the officers accompanying you that you are free to pass notes and refer directly to your advisers seated at the table behind you. Would everyone please turn off their mobile phones or switch them to silent.

All witnesses from departments, statutory bodies or corporations will be sworn prior to giving evidence. Minister, I remind you that you do not need to be sworn as you have already sworn an oath to your office as a member of this Parliament. I declare the proposed expenditure for the portfolio of Innovation and Better Regulation open for examination. The questioning of the portfolio of Innovation and Better Regulation will run from 4.15 p.m. to 5.25 p.m.

ROD STOWE, Commission, NSW Fair Trading Commission, sworn and examined

MARTIN HOFFMAN, Secretary, New South Wales Department of Finance, Services and Innovation, sworn and examined

ANTHONY LEAN, Deputy Secretary, Better Regulation, affirmed and examined

The CHAIR: As there is no provision for a Minister to make an opening statement we will move to the Opposition for questions.

The Hon. DANIEL MOOKHEY: Minister, are you as outraged as I am that 19¢ out of every dollar that is compulsorily paid into the compulsory third party [CTP] scheme by every vehicle owner in this State flows into the bottom lines of four insurance companies?

Mr VICTOR DOMINELLO: Yes, I am as outraged as you are that the scheme itself is fundamentally unfair. It is not just that figure that you have quoted but also the fact that only 45¢ out of every dollar paid by motorists in New South Wales goes to the injured person and the rest of the money—that is, 55¢—goes to administrative costs, whether that is insurance profits, legal costs, medical expenses and the like.

The Hon. DANIEL MOOKHEY: Am I right in saying that the 19¢ that goes straight into the bottom lines of these four companies is the biggest component of the 55¢ that you just referred to?

Mr VICTOR DOMINELLO: I do not know if it is, but it would be close to it. That is why I agree with you that we need to change the scheme, because it is simply not fair at the moment for motorists who are paying through the roof. They are paying the highest premiums in the country.

The Hon. DANIEL MOOKHEY: Minister, given that you share my outrage—and I think that most people in New South Wales would consider it outrageous—why has the Government still not provided a response to the "Report of the Independent Review of Insurer Profit within the NSW Compulsory Third Party Scheme"?

Mr VICTOR DOMINELLO: We need to structure the scheme. The report goes part of the way. Even if we were to fix the insurer profits part, to properly fix it we need to eliminate the volatility in the scheme. At the moment, about 40 per cent of claims in the system are whiplash or soft-tissue related.

The Hon. DANIEL MOOKHEY: Over what period?

Mr VICTOR DOMINELLO: That has increased dramatically over the past four or five years. I will ask Mr Lean to address that.

The Hon. DANIEL MOOKHEY: Is it not the case that the difference between filed profit and actual profit has been 11¢ out of that 19¢ for 14 years, six years of which you were in government? Why has this problem taken a back seat to all the other issues to which you alluded, given that this is the biggest cost to the scheme out of any category of expenses?

The Hon. SHAYNE MALLARD: You should read our report.

Mr VICTOR DOMINELLO: I agree with your proposition. Whether it is insurer profits or the legal costs, the scheme needs fundamental reform. Insurer profit is one part of the process, and we will respond to that in the not-too-distant future. We have already committed to undertaking serious consultations with the various sectors, and with the insurance and legal sectors in particular. I have already asked an expert panel to make recommendations on the proposals in relation to the hybrid model. With great respect, the suggestion that we have done nothing is erroneous.

The Hon. DANIEL MOOKHEY: You have done something; you have announced your support for option No. 3.

Mr VICTOR DOMINELLO: Correct. That is the hybrid model.

The Hon. DANIEL MOOKHEY: To be fair, the existing scheme is also a form of hybrid model, but we will use your terminology. You have done something since we last saw each other at an estimates hearing. You have committed the Government to option No. 3 in the reform paper. In doing so, you have flagged that you will address the affordability of the scheme by taking benefits from the injured. Why did you prioritise taking benefits from injured people as opposed to going after the insurers' super profits, which are costing the scheme the most amount of money?

Mr VICTOR DOMINELLO: We must ensure that the scheme is fair for motorists, for those who are injured and, in particular, for those with significant injuries. We must also ensure that the scheme is designed in such a way that we eliminate extreme volatility. We must absolutely ensure that the days of super profits are over, and to do that we must redesign the scheme. I am hoping to provide a Government response to this in the next few months.

The Hon. DANIEL MOOKHEY: I am hoping to read it, too.

Mr VICTOR DOMINELLO: If you are in the upper House, you will get a chance.

The Hon. DANIEL MOOKHEY: Indeed. Are you worried that one year after receiving a report stating that insurer super profits cost the scheme the most and your response was to take benefits from the injured that that will create a public perception that you are putting the interests of insurance companies ahead of the interests of people injured in motor vehicle accidents?

Mr VICTOR DOMINELLO: Absolutely not, because that is not the case. It is absolutely not the case. I want to be very clear about this.

The Hon. DANIEL MOOKHEY: Please do so.

Mr VICTOR DOMINELLO: My focus is on the motorists of New South Wales, and particularly those significantly injured. For those who have minor injuries, the focus must be on rehabilitation rather than litigation. I am determined to produce more stability in the scheme to ensure that the current volatility is removed. You are right; the days of insurer super profits that you referred to must be a thing of the past. Trevor Matthews, the chair of the State Insurance Regulatory Authority Board [SIRA], has undertaken an insurer profit review. He suggested a fair profit level, and it is definitely not at the 18 per cent, 19 per cent, 21 per cent, or 22 per cent level. Those profit figures have occurred because of the inherent volatility in the scheme.

I go back to the point that I tried to raise earlier. At the moment, soft tissue and whiplash-related injuries comprise 40 per cent of claims, and they are tracking north. If we do nothing, they will keep rising to the level they reached in the United Kingdom, which was about 80 per cent. The United Kingdom was referred to as the whiplash capital of Europe. That scheme was unsustainable and they had to implement dramatic reforms. We are trying to do that reform now.

The Hon. DANIEL MOOKHEY: I appreciate the United Kingdom example, and we have had the opportunity to canvass that issue in the upper House. However, if you are so confident that your scheme will not leave any victim of a motor vehicle accident worse off, will you guarantee now that those victims in New South Wales will not be worse off as a result of your reforms?

Mr VICTOR DOMINELLO: We must get the balance right. In order to do that, we must ensure that the scheme is far more stable and sustainable than it is now. Everybody, both lawyers and insurers, agree about that. The thing we need to—

The Hon. DANIEL MOOKHEY: What about victims?

Mr VICTOR DOMINELLO: If we look at the figures in Victoria alone, about 90 per cent of those injured fall beneath the 10 per cent whole person impairment threshold. Mr Lean will confirm the precise figures, but I understand that 90 per cent recover within the first two to three years. Overwhelmingly, those—

The Hon. DANIEL MOOKHEY: If that is the case, are you prepared—

The Hon. CATHERINE CUSACK: Point of order: I want to be able to hear the Minister complete his answer. He has not been allowed to complete a single answer yet.

The CHAIR: I will clarify this before we go any further. Members have a right to question the Minister, and the Minister has a right to answer. I allow some latitude to members to shut down an issue so that they can move on given the time constraints.

The Hon. DANIEL MOOKHEY: I do want to move in another direction.

The CHAIR: It would be courteous to indicate that to the Minister so that he can curtail his answer.

The Hon. DANIEL MOOKHEY: I intend to move in another direction. Would you agree that guaranteeing, or even tacitly accepting, that four insurance companies should receive a 15 per cent rate of return on their capital in the context of record low interest rates and negative interest rates in major jurisdictions amounts to allowing them to make windfall profits from providing a product that the law requires people to buy?

Mr VICTOR DOMINELLO: I agree that those figures are unacceptable. Again, because it really is related to the previous question, in order to make sure that we drive down those super profits we need to restructure the scheme. There is volatility in the scheme at the moment because of the upward trajectory of soft tissue injury and the insurance companies are then saying, "We do not know if next year it is going to be 50 per cent, 60 per cent, 70 per cent," and so on. They are obviously going to write in margins that reflect that volatility. If we can reduce that volatility or eliminate it through that hybrid model then we can say to the insurance companies, "Sorry, the volatility is not there. If you want to write in profit margins at 15 per cent, you are not going to be part of this scheme." That is why we have to completely restructure the way we are doing it.

The Hon. DANIEL MOOKHEY: Given the answer you have just provided, can you rule out the Government supporting recommendation 18 of the independent review of insurer profit which says:

Given the other recommendations are designed to narrow the gap between filed and ultimate profits the MAA—

—now SIRA—

—should adopt, as an interim measure, a profit margin benchmark for CTP premiums of 12%, which is broadly equivalent to a target post-tax return on capital of 15%.

Can you now say that the Government is not going to support that recommendation, given you just said that the reasons are not there and everyone in New South Wales would think that 15 per cent return on capital to four people in an oligarchic market for a product that is compulsory for people to buy is scandalous?

Mr DAVID SHOEBRIDGE: Nice if you can get it.

Mr VICTOR DOMINELLO: I repeat the previous—

The Hon. DANIEL MOOKHEY: So you rule it out?

Mr VICTOR DOMINELLO: The Government is providing a response in the not too distant future in relation to the way it will approach the scheme design. But I confirm again that the days of super profits are over. If we can get the reform package through we will provide SIRA with a whole lot more regulatory teeth including in relation to obtaining data and information from insurance companies so that we can see exactly what they are writing and the margins that they will be getting. We will not be accepting those high profit margins that you were alluding to in circumstances in which, as you said, it is a compulsory product and, as you said, if we remove the volatility in the scheme there is no justification for those high insurance profits. It is absolutely part of the reform agenda. Make no mistake about it. It is not just the fact that we want to focus on rehabilitation rather than litigation for those with a lower- to minor-grade injury. We also want to make sure that by doing that we take the volatility out so we can look the insurers in the eye and say, "If you want to be part of this scheme, we will not allow those super profits any more." I will make sure that the State Insurance Regulatory Authority has the appropriate teeth to enforce that.

The Hon. DANIEL MOOKHEY: Thank you, Minister. Can you guarantee that the \$500 on average savings that you have referred to in your press releases that you say will be produced by your reforms will actually flow on to premium holders?

Mr VICTOR DOMINELLO: They are averages. Again it depends on the settings that the Government ultimately lands on. As I indicated before, I have asked. The Government has already announced that it will go down the path of a hybrid model. I then asked an expert panel which is chaired by John Della Bosca, who is well known to you, and Nancy Milne, who is the deputy chair of the State Insurance Regulatory Authority, to go and consult further with the insurance sector and the legal fraternity to provide further recommendations in relation to the finer details—the granularity—of the hybrid model. That expert panel has, I understand, finalised its report. My office has got it. I have not had a chance to read it yet.

The Hon. DANIEL MOOKHEY: When did your office receive it?

Mr VICTOR DOMINELLO: I think it was in the last 24 hours or something like that.

The Hon. DANIEL MOOKHEY: Oh, wow. And will you be releasing it soon?

Mr VICTOR DOMINELLO: Obviously I have to read it first and it has to go through—

The Hon. DANIEL MOOKHEY: So do we.

Mr DAVID SHOEBRIDGE: That is not necessary. Just release it. We would be happy to read it.

The Hon. DANIEL MOOKHEY: We are happy to read it.

Mr DAVID SHOEBRIDGE: We will go and read it together.

Mr VICTOR DOMINELLO: That is a good idea. We will have a coffee over it, Mr Shoebridge.

The Hon. DANIEL MOOKHEY: We will start a reading club in addition to our support group.

Mr VICTOR DOMINELLO: That is very collegiate. There is a Cabinet process I have to follow but after that hopefully we will bring in the legislation subject to what the recommendations are.

The Hon. DANIEL MOOKHEY: Do you have confidence that the money you claim will be produced as savings is going to be passed on by insurance companies to premium holders or do you think it is more likely that they are going to pocket the savings themselves?

Mr VICTOR DOMINELLO: I am very confident that if we get the scheme redesigned in the way that we have intimated—that is, that hybrid model that provides more power to SIRA, takes the volatility out of the marketplace and focuses on rehabilitation rather than litigation—we will have a significant reduction in premiums.

The Hon. DANIEL MOOKHEY: How many buildings in Sydney have a flammable cladding product known as Alucobest, at least as far as your department's best assessment?

Mr VICTOR DOMINELLO: I am aware of the issue. I remember when I was at either the Consumer Affairs Forum [CAF] or the Building Ministers' Forum I spoke to the Victorian Minister that had oversight in relation to the similar issue in Victoria. He said it took their Government about a year and \$1 million to undertake the audit to find out where that suspect cladding was. We are currently undertaking that same analysis and we are using the resources of the Government—in particular, Fire and Rescue, Planning, local council and obviously Fair Trading—to work through it.

The Hon. DANIEL MOOKHEY: When did that start?

Mr VICTOR DOMINELLO: A planning circular by the Secretary of the Department of Planning and Environment was issued in August last year.

The Hon. DANIEL MOOKHEY: So it has been a year since the audit in New South Wales commenced.

Mr VICTOR DOMINELLO: Yes.

The Hon. DANIEL MOOKHEY: When is the audit meant to be completed?

Mr VICTOR DOMINELLO: I can give you some more information. Again, as you would appreciate, not everything is within my agency. That is why I am reading through some notes. In February 2016 the Secretary of the Department of Planning and Environment wrote to all local councils in New South Wales as the consent authorities with the powers to issue orders about buildings in council areas, advising them of concerns raised by Fire and Rescue in relation to the cladding. That letter encouraged councils to consider whether there are concerns relating to buildings in the council area and what action should be taken. Fire and Rescue NSW is holding information sessions for council officers in the second half of this year, so obviously it is being undertaken now. As I alluded to before, senior officers from Fair Trading and Planning are being involved in work undertaken for the Building Ministers' Forum.

The Hon. DANIEL MOOKHEY: Is your department in charge of this or is Planning in charge of this?

Mr VICTOR DOMINELLO: It is something that crosses a number of agencies. We have been working in concert with Planning, Fire and Rescue and local council. This is another one of those issues in government on which you cannot take a silo approach.

The Hon. DANIEL MOOKHEY: Indeed.

Mr VICTOR DOMINELLO: When you are asking me specific questions, a lot of it is in with other agencies and I know that they are doing a lot of the work.

The Hon. DANIEL MOOKHEY: Of course. To the best of your knowledge, have there been any building fires that can be attributed to Alucobest in New South Wales?

Mr VICTOR DOMINELLO: I defer to Rod Stowe.

Mr STOWE: I am not aware of any.

The Hon. DANIEL MOOKHEY: Is the department aware of any?

Mr STOWE: No.

The Hon. DANIEL MOOKHEY: Is it correct to assume on the basis of the answer that you just gave—and I accept the fact that it is a cross-departmental issue—that the lead response is from local councils because they are the people with the capacity to make the orders? Is there any contemplation of a more strategic response in order to accelerate addressing this issue?

Mr VICTOR DOMINELLO: I guess the first thing we have to do is find out the scale of the problem.

The Hon. DANIEL MOOKHEY: Are you relying on councils to do the audit or is your department or the Planning department in charge of that audit?

Mr VICTOR DOMINELLO: As the commissioner indicated, the Department of Planning and Environment is coordinating it because, obviously, it is within their remit. But what they are doing, which is sensible, is going out there and using their contacts via local council to ascertain the extent of the issue. Once we get some information back from there, we work with Fire and Rescue to work out a solution. But the response will depend on feedback we get from local councillors.

The Hon. DANIEL MOOKHEY: I have five seconds, so I will have to hold my questions.

Mr DAVID SHOEBRIDGE: Minister, before I ask the more difficult questions, can I indicate that—as I am sure you know—stakeholders have commended your approach on compulsory third party [CTP] reform and have compared it favourably to the previous efforts of your Government.

Mr VICTOR DOMINELLO: I suspect the next question is going to be harder.

Mr DAVID SHOEBRIDGE: Now that we have all that nice stuff out of the way—

Mr VICTOR DOMINELLO: Thank you for acknowledging that, because we did work hard in relation to consultation.

Mr DAVID SHOEBRIDGE: Hopefully there is still more that will be done. One of the very real concerns about the direction of your reforms is the question of the "greater than 10 per cent whole person impairment" threshold for common law claims. Minister, are you aware of the very many cases—particularly of people who rely upon a functioning physical body to do their work, such as nurses, carpenters, bricklayers and shop assistants—where a person may have an injury which is assessed at, say, 5 per cent whole person impairment but which may permanently disable them in such a way that they are forever precluded from working in their occupation. Your scheme would see them cut off after maybe two years or five years. Do you recognise that, viewed from the perspective of those people, these reforms will be seen as very unfair?

Mr VICTOR DOMINELLO: I accept what you are saying, and that is why I asked the expert panel to look at those outlier-type situations. Obviously those are not going to be the majority, and I think you would readily accept that. If you look at the Victorian experience, you see that those who have those 5, 6, or 7 per cent types of injuries overwhelmingly recover within two or three years. I think you would accept that. But I also accept your proposition that there will be some who do not. That is why I asked the expert panel to examine that issue and to make recommendations to the Government—which, again, I have apparently just received—in relation to a fairness style of test, where we can extend benefits to those whose injuries have not resolved within the requisite time.

Mr DAVID SHOEBRIDGE: I think many people are confused by the current scheme and they think that, somehow, the greater than 10 per cent whole person impairment is a threshold for Commonwealth benefits. Of course, as you know—correct me if I am wrong—the greater than 10 per cent whole person impairment just gives you access to what is called "non-economic loss".

Mr VICTOR DOMINELLO: Yes, a lump sum, which is not the—

Mr DAVID SHOEBRIDGE: A lump sum, often called "pain and suffering".

Mr VICTOR DOMINELLO: Yes, that is how you and I would refer to it.

Mr DAVID SHOEBRIDGE: I will give you an example. Say there is a 35-year-old nurse in the middle of his or her career, no doubt extremely skilled and talented, looking forward to another 30 to 35 years working in our hospitals, getting a good income and delivering a service. He or she may have a nasty ankle injury, leading to an ankle fusion, which gives them just a 4 or 5 per cent whole person impairment. Unless they have access to future economic loss, your reforms potentially see them falling into genuine poverty within just three or four years.

Mr VICTOR DOMINELLO: Again, as I just indicated in response to your previous question, I accept there would be people who would fall between the cracks. That is why I have asked the expert panel, led

by John Della Bosca and Nancy Milne, to provide recommendations to the Government in relation to what we do for those people who—referring to your example—do not recover within whatever period we define in the Act, whether it is five years, three years or whatever. I accept that there will be people who will need additional benefits, and I have asked the expert panel to make some recommendations to the Government in that regard.

Mr DAVID SHOEBRIDGE: Minister, is the expert panel looking at the use of the American Medical Association *Guides to the Evaluation of Permanent Impairment*, fourth edition [AMA 4]—which of course are used in compulsory third party [CTP]? They are now woefully out of date, and most view them as a grossly unfair and arbitrary way of assessing whole person impairment. We are now up to, I think, AMA 6, and WorkCover, for example, while open to criticism, has a modified AMA 5 version. Are you going to be sticking to AMA 4, or is it on the table to put a much fairer assessment system in place?

Mr VICTOR DOMINELLO: Correct me if I am wrong, but I think every other major jurisdiction has stayed with AMA 4. But, again, I will have a look at what the recommendations of the expert panel are.

Mr DAVID SHOEBRIDGE: Under AMA 4, somebody might have a series of terrible lacerating injuries to their abdomen, a grossly malfunctioning bladder, a severed bowel, yet is likely to receive a whole person impairment assessment of, say, 1 or 2 per cent for the scarring. That is how unfair AMA 4 is. Are you aware of those unfair elements of AMA 4?

Mr VICTOR DOMINELLO: Again, I will wait for the expert panel's recommendations, which I have not read yet and which Cabinet has not considered yet. I need to wait for them. I have asked them to look at these situations. Going back to your example, that could be 1 or 2 per cent. It really depends on the individual and the circumstances. But—

Mr DAVID SHOEBRIDGE: There is nothing for the injury to the bowel or the injury to the bladder. AMA 4 is blind to them; it gives them 0 per cent.

Mr VICTOR DOMINELLO: We will use your example—and I accept it just for the purposes of the argument. If AMA 4, say, gives it 1 or 2 per cent and AMA 5 gives it—what would you assess it as, just for the sake of the argument?

Mr DAVID SHOEBRIDGE: I am not in a position to say, but often AMA 5 fails as well, which is why WorkCover has additional guidelines to provide some additional benefit.

Mr VICTOR DOMINELLO: That is correct. Yet that is the benchmark in most jurisdictions. The point is that if it is an injury that does recover, that defined benefit model works. They recover, they get their loss of income benefit, they get their treatment expenses and they get back on their feet. But, regardless of—

Mr DAVID SHOEBRIDGE: The example I gave you was one of no recovery—permanent damage to bowel and bladder.

Mr VICTOR DOMINELLO: Yes, and just to play into your hypothetical example, in that situation, whether it is AMA 4, AMA 5 or AMA 6, if it is a permanent disability that still sits underneath the threshold, there needs to be a fairness test applied. That is what I have asked the expert panel to do. Whether it is AMA 7, AMA 8 or AMA 9 in the future—if they are under the threshold and they do not get better within the defined period, we need to look at a way to make it fairer so that the benefits are extended. At the end of the day, we want to make sure people get rehabilitated, get back to work or get back to their pre-injury condition as soon as possible. For those where there is a permanent level of impairment where no amount of rehabilitation will work, I have asked the expert panel to make some recommendations. Obviously, I imagine, those recommendations will be about extending the benefit period.

Mr DAVID SHOEBRIDGE: Are you open to considering allowing what is, I would put to you, the fairest option for those workers: to allow them to continue to access—

Mr VICTOR DOMINELLO: Workers or injured road users?

Mr DAVID SHOEBRIDGE: Injured road users—I am about to get to workers. Would you consider allowing them to retain, just to hold onto, their existing rights to economic loss under common law?

Mr VICTOR DOMINELLO: I just do not want to second-guess what the expert panel has said. I have not read the report yet. It has to go through Cabinet. Obviously—

Mr DAVID SHOEBRIDGE: There is more to be done here. I will hand over to my colleague.

Mr JUSTIN FIELD: I wanted to talk about the peer-to-peer economy. The Government released its position paper in January and your department commissioned a peer-to-peer economy report. I think it was

published in April. What are the next steps for Fair Trading now the report has been finalised—looking at considerations for how the peer-to-peer economy is managed?

Mr VICTOR DOMINELLO: What we did was announce our principles. I think there were about four or five keynote principles. The reason I was really anxious to get that out was because when I went to Singapore, I think it was, or South Korea last year, when I spoke to some of the start-ups there, I asked them what they thought the best thing the Government could do in relation to the peer-to-peer sector, in relation to start-ups more generally. "What is the best thing the Government could do to assist you?", I asked, "Is it money? What is it?" They said, "Actually, a statement of intent."

They said that if the Government goes out there and says, "We will embrace the disruptive economy and we understand that these disruptions will take place, and we will not be a government that says, 'No, no, no'", that would enable them to go to the angel investors and the venture capitalists and say, "We have a government that is opening its eyes in relation to the collaborative economy or any other disruptor that comes in. If you give us some angel funding or some seed funding or whatever, we can work it up and bring it into the marketplace."

That was the main reason. When it comes to the collaborative economy or peer to peer, there is a whole range of things that are going on in various agencies and ministries. Minister Constance, in relation to transport, has Uber. Minister Stokes has Airbnb. People are raising the issue of parking, which, in many ways, comes into my portfolio. Every agency should be looking at these issues.

Mr JUSTIN FIELD: On the peer-to-peer economy research document, the Fair Trading website says:

Fair Trading will work with other jurisdictions to examine and identify possible consumer protection issues ...

relating to how these platforms are used. What do you intend to do to initiate work with those jurisdictions?

Mr VICTOR DOMINELLO: I know a lot of that is happening at the agency level. I am happy for Mr Stowe—Commissioner Stowe; I have just given him a demotion—

Mr DAVID SHOEBRIDGE: He has a long-term, secure job.

Mr VICTOR DOMINELLO: That is right.

Mr STOWE: I am happy to answer that question. New South Wales has initiated a national project with the other States and Territories who are our co-Australian Consumer Law regulators to engage with the peer-to-peer platforms to ensure that users and those people who provide the services are aware of their responsibilities under the Australian Consumer Law. The independent research that you alluded to indicated that there are a number of people, both suppliers and users, who were not aware that in many instances they need to comply with things like consumer guarantees under the Australian Consumer Law. We also found that the platforms are keen to work with the regulators to ensure that they are compliant with the regulation. We will develop some materials. In fact, the Australian Competition and Consumer Commission has already developed some guidelines, which we will be distributing to the platforms, and we will be asking them to make sure that those people use the service and those who supply services are aware of their responsibilities under the law.

The CHAIR: Thank you. I will give you a preamble before I ask you a set of questions, which may reflect some of your earlier answers. Minister, we understand that you have been undertaking consultation with regard to reforming compulsory third party insurance. We appreciate that the reform is needed. However, we want to ensure that a cookie-cutter mould is not enforced on all cases and want to ensure that victims are appropriately cared for and given all the support they need to ensure recovery and/or easing ongoing conditions that are the result of an accident. While nothing has been formally presented to Parliament, I seek your understanding on the following questions. Minister, can you comment on the expected impacts of the introduction of the no-fault scheme, particularly in respect of citing concerns that claims would nearly double as both parties are now potentially able to make a claim?

Mr VICTOR DOMINELLO: Our understanding is that there will be another 7,000 people that will come into the scheme if we extend to that no-fault model. I will just go back. Why are we doing this? It is because at the moment the average premium in New South Wales is something in the order of \$650. If we do nothing, then this time next year that average is likely to get closer to \$700, if not more, and increase by 10 per cent to 20 per cent in the following years. If you raise this with the average motorist in New South Wales—and the last time I checked there were approximately five million green slips issued in New South Wales—you only have to listen to talkback radio. People are screaming, and rightly so, about the ever-increasing costs of green slips. We had to do something. Even the NSW Council of Social Service [NCOSS], which is highly regarded amongst all of us—and I think I can talk with unanimity on that—have said that we need to do something about the increasing cost of green slips. Now, there comes a fairness point. When NCOSS is saying that it is not fair

that those on low incomes who rely on their vehicles are paying in the order of \$700 for their green slips, their voice rings true.

How do we bring that cost down? It means that for those under permanent impairment, whole-of-person impairment of 10 per cent, we need to make sure that we focus on rehabilitation rather than litigation, because it is the litigation that causes the drag in the scheme. It is litigation that drags it out from one to two years, to three, four, five years. Again, I acknowledge the comments or the questions raised by the Hon. Daniel Mookhey and Mr Shoebridge and acknowledge, in the same way that you asked the question, that there will be people who fall underneath—hypothetically—the 10 per cent threshold and will not recover because they have a permanent disability, and they will struggle to go back to their pre-injury position. We need to find a mechanism to deal with them, and that may be an extension of the benefits beyond the five years. The point is I have been open and very consultative about it. Again, I thank Mr Shoebridge for the acknowledgment, but I have asked John Della Bosca and Nancy Milne to give us a series of recommendations, and I have specifically asked them to give me recommendations so that I can present it to the Cabinet, the Government and obviously the Parliament in due course in relation to a scheme design that would make it fair for those who fall between the cracks.

The CHAIR: Further, my current understanding is that defined benefits will now be decided by insurance companies and internally removed from the courts. Minister, can you advise what recourse will be provided to individuals who disagree with the insurer assessment?

Mr VICTOR DOMINELLO: Again, I do not want to pre-empt what the Government is doing.

The CHAIR: That is fair enough. If you are doing that, I would like to know the answer.

Mr VICTOR DOMINELLO: I do not want to pre-empt what the Government is doing because it has to go to Cabinet and we have to consider the recommendations. Whatever the outcome of those deliberations, I can safely assume that giving more power to the State Insurance Regulatory Authority to ensure they have far greater and far deeper oversight of insurance companies, and in particular the way that they handle these claims, will be an integral part of that scheme design. I am happy to have a discussion about that because I want to ensure we get this right. There is no way in the world that, as the Hon. Daniel Mookhey indicated, it is acceptable that insurer profits continue at those super profit levels. That is not acceptable. Until we change the scheme design we are not going to bring them back into line, which then means that we can reduce the premium from, as I said, \$700 this time next year without reform to, hopefully, around the \$500 figure with reform. If we can bring that down, then that would make it far fairer with the five million green slips that are issued each year, and particularly for those on low incomes who cannot afford the higher premiums. It is a question of fairness to them as well.

The CHAIR: Do you have any figures based on current trends of the expected number of claims at the advised 10 per cent impairment level?

Mr VICTOR DOMINELLO: I will defer to Mr Lean. I believe he has some figures.

Mr LEAN: The number of claims that would exceed 10 per cent whole-of-person impairment?

The CHAIR: That is correct.

Mr LEAN: My understanding is that it is 10 per cent of all claims.

Mr VICTOR DOMINELLO: For the actual number we can work backwards on that.

The CHAIR: Financially, what do you expect as a rough estimate to be the impact of the price of a compulsory third party green slip following this reform, if it was to be passed?

Mr VICTOR DOMINELLO: It depends on the fine-tuning, which is subject to the recommendations of the expert panel, et cetera. If we can steer the reform along the lines that we have been agitating for—that is, the hybrid model with rehabilitation focus at the lower end—we are hoping that if the reforms are passed then instead of somebody on average paying \$700 this time next year, they will be paying in the order of \$500 this time next year.

The CHAIR: This is an issue close to your heart—judging from my reading of *Hansard* some time ago. Online dating scams cost Australians \$28 million.

Mr VICTOR DOMINELLO: I think that is Minister Barilaro's.

The CHAIR: I think it was a Tinder comment.

Mr VICTOR DOMINELLO: No, I take issue with that.

The CHAIR: Something about your mum.

Mr VICTOR DOMINELLO: I take issue with that.

The CHAIR: We will get back to the question that dating schemes cost—

Mr VICTOR DOMINELLO: That bomb that Minister Barilaro planted is clearly still going off.

The CHAIR: We have him tomorrow, so we can pitch something back to him.

Mr VICTOR DOMINELLO: Please.

The CHAIR: Online dating scams cost \$28 million. What steps has the Government taken over the past 12 months to focus on protecting consumers in New South Wales—particularly those who are more vulnerable and especially the elderly—who succumb to such scams?

Mr VICTOR DOMINELLO: Given my obvious conflict of interest I might hand over to Commissioner Stowe!

Mr STOWE: The ACCC has had the lead in our State in combatting that very pernicious practice. We have been working with other Commonwealth agencies to track the money that is leaving the country. Predominantly these schemes are perpetrated from overseas. They are then contacting those consumers and letting them know that they have, unfortunately, been contributing to a scheme. That has been very effective in stopping some of the flow of money. This is based upon a very successful Operation Sunbird, which was pioneered by Western Australian Police. I understand that the Western Australians have also had some success in having a number of arrests in east Africa, where most of these schemes are perpetrated.

There are two aspects to it. One is hardening the target—making people aware of these scams. NSW Fair Trading has been leading in that work and making sure the consumers are aware of the tell-tale signs that they are getting involved in a scheme of this sort. The second aspect is in contacting those people who we know are tied up in those schemes. It is a tragic situation. Some of those people, when they are advised that this is a scam, feel as if they have lost a member of the family. They have been contributing for a long period of time and have built up a relationship. It is a real shock to them that there is no-one at the end of the money trail. We are doing our level best and it is good news that we seeing some arrests in the perpetrating jurisdictions.

Mr HOFFMAN: I think the commissioner has probably undersold the efforts of Fair Trading. The extent of outreach that officers of Fair Trading do on a weekly basis—visiting community groups, nursing homes and public libraries, and giving presentations to inform vulnerable people—is really quite significant. The staff are very committed and passionate about this work. I have the privilege to visit them, as Mr Stowe does all the time. They put a big amount of effort into talking with the people you are talking about, to try to harden the target and inform people. It is a great piece of work that Fair Trading does.

The Hon. ERNEST WONG: I promise that my question will be very easy. It is a very simple mathematical question. A simple answer of yes or no will definitely do the job. Minister, do you agree that the Victorian and Queensland governments are investing more into the start-up and innovation sector compared to the Baird Government—yes or no?

Mr VICTOR DOMINELLO: It depends on what the figures are. I am not aware of how much they are spending.

The Hon. ERNEST WONG: You are not sure about the figures.

Mr VICTOR DOMINELLO: I do not know how much they are spending.

The Hon. ERNEST WONG: Do you agree or do you disagree with the start-up community—

Mr VICTOR DOMINELLO: But I do know—

The CHAIR: The Minister is now defining his comment. He should have a chance to do that.

Mr VICTOR DOMINELLO: Whilst I do not know how much they are spending, I know that the end result is that we are still the start-up capital of Australia, with, I think, 64 per cent of start-ups starting in New South Wales. That is for good reason. We are the engine room of the economy of the country. There is every reason that start-ups will want to start here. With the potential start-up of Google at White Bay this is a very exciting place to be.

The Hon. ERNEST WONG: So are you asserting that you do not agree with the start-up community that the Baird Government has fallen behind the Victorian and Queensland governments in terms of investing in innovation?

Mr VICTOR DOMINELLO: No, I do not agree with that at all. I do not agree with your assertion that that is the case. As I said, we are doing enormous amounts of work in relation to innovation in New South Wales, and leading on a number of fronts. Let me talk about one of my passions, which is data analytics. We set up the Data Analytics Centre. Data is fuel in the digital age. Opening up more data enables start-ups to flourish. It is not just about capital. It is about access to data and interfacing with Government. We are way ahead of the other States in that regard. There is no doubt about that in my mind. I think the secretary would like to add more.

Mr HOFFMAN: I can give you a couple of specific examples, including the investment of this Government in Stone & Chalk as the leading fintech accelerator, which is well recognised in that sector, which Australia has a competitive advantage in.

The Hon. DANIEL MOOKHEY: Just to clarify: what is the nature of the investment in Stone & Chalk?

Mr HOFFMAN: The support of the New South Wales Government for that has been in terms of property and facilities. I would also mention the Jobs Action Plan, which has been targeted particularly—

The Hon. ERNEST WONG: Is that part of a start-up or innovation program or any of those grants?

Mr HOFFMAN: Absolutely. In terms of the growth of small business I would look at the Jobs Action Plan and the rebates there, and the Jobs for NSW program. This is a sector that is replete with buzz words. The point that I would support the Minister on is with respect to the runs on the board—the amount of investment in specific programs that go directly to increasing jobs.

Mr VICTOR DOMINELLO: I would like to add to that. I go back to the first point. It is not just about money. It is about their exchange with our Government. I recently launched the FuelCheck app. Hopefully, everybody around here knows about FuelCheck. Can I show it to you?

The CHAIR: That is my next question.

Mr VICTOR DOMINELLO: Okay, I will save it. I really want to expand on that because it is a great topic. The point is that we have an open source of data—the application programming interface [API]. That means other start-ups can use that data to create their own apps and their own markets. That is just as important—if not more important—than some money. As we have seen before, money does not equal outcome. We have seen that time and time again. I have seen that in previous portfolios. Smart governments do not simply throw money at a situation and say, "Problem solved." Smart governments work with the sector.

The Hon. ERNEST WONG: Thank you, Minister. The point is that Victoria is investing more than \$260 million into innovation via the Future Industries Fund launch week and the Public Sector Innovations Fund. Queensland is investing \$405 million into Advance Queensland. Will the New South Wales Government invest at least \$200 million into innovation over the next four years?

Mr VICTOR DOMINELLO: We have a thing called Jobs for NSW.

The Hon. ERNEST WONG: That would be at least \$200 million. Is that the figure?

Mr VICTOR DOMINELLO: It is about \$180 million.

The Hon. ERNEST WONG: That does not seem to add up to the figures that we read from the budget. Are you still saying that New South Wales is not investing less than Victoria and Queensland in innovation, and is therefore falling behind?

Mr VICTOR DOMINELLO: I am happy to have this debate all day. Money does not equal outcome. Lazy governments tend to use precious taxpayer dollars. They say, "Here's a bucket of money. I will close my eyes and walk away from the issue because we have spent money." Let me ask you this question.

The Hon. ERNEST WONG: Sorry, we are asking the questions.

The CHAIR: Order! I think that was rhetorical.

The Hon. ERNEST WONG: Okay.

Mr VICTOR DOMINELLO: The rhetorical question is: What is the outcome as a result of the huge amounts of money that are being spent? That should be the target of the question. The question should not be about who spent more money. It should be about who got better outcomes.

The Hon. CATHERINE CUSACK: Who got Google?

Mr VICTOR DOMINELLO: We got Google.

Mr DAVID SHOEBRIDGE: Not yet.

The Hon. ERNEST WONG: Can I go to my next question?

The CHAIR: Order! Let the member ask his question.

The Hon. ERNEST WONG: Minister, do you own any properties that are rented out through Airbnb or similar holiday rentals?

Mr VICTOR DOMINELLO: No.

The Hon. ERNEST WONG: Do you believe that apartment owners should have the right to prevent other owners in a strata complex from renting their apartments out through Airbnb?

Mr VICTOR DOMINELLO: As you know, that is a topic that has been the subject of a parliamentary committee inquiry. I think it was instigated by Minister Stokes. I do not know where that inquiry is up to. I think it may have published a report. That is something we need to consider, because Airbnb is a disrupter. That is something that Minister Stokes is looking at very carefully.

The Hon. DANIEL MOOKHEY: Now that we are on to the topic of strata legislation, given that your Government, through legislation, has altered the rules around collective sale and redevelopment, can you promise that no-one living in a home is going to be compelled to sell without their consent?

Mr VICTOR DOMINELLO: I can promise that, if anybody wants to go through that collective sale process, the ultimate arbiter as to whether that sale is just and equitable in all the circumstances will be a judge of a superior court of record; in this case, the Land and Environment Court.

The Hon. DANIEL MOOKHEY: But it is the case therefore that if that person is displaced as a result of the majority vote against them, the onus falls to the apartment owner or the affected interest to litigate in a court of superior record at their own expense in order to keep their home.

Mr VICTOR DOMINELLO: Again, I am stretching my memory because it has been a while since we tabled the Act, but I think under section 188 of the Act there is a provision that the body corporate pays for the legal costs of the minority. That is no different to cases involving estates and challenges to wills.

The Hon. DANIEL MOOKHEY: What if the body corporate dissolves, or is otherwise bankrupt, or otherwise does not have the money to fund the litigation, which could last years?

Mr VICTOR DOMINELLO: I do not think you understand how it works. If the body corporate is dissolved, there is no basis for bringing an application to the Land and Environment Court. It would not have standing.

The Hon. DANIEL MOOKHEY: But it is kind of the point, though, is it not? Is it not a fact that the rights that you provide for in legislation are easily subject to economic forces that could mean that those people could simply not exercise them.

Mr VICTOR DOMINELLO: No. I disagree with that.

The Hon. DANIEL MOOKHEY: You disagree with that?

Mr VICTOR DOMINELLO: Completely.

The Hon. DANIEL MOOKHEY: In terms of the 75 per cent threshold termination of the strata scheme, why was that figure arrived at?

Mr VICTOR DOMINELLO: I am sorry, I did not hear.

The Hon. DANIEL MOOKHEY: The 75 cent threshold for the termination of a strata scheme. Why was 75 per cent the magic number?

Mr VICTOR DOMINELLO: It was the magic number used by the Labor Government, I think, in 2002 when it altered the common property provision. Previously in relation to common property, people needed 100 per cent to alter the rights and then I think the Labor Government in 2001-02 brought it down to that 75 per cent, which is the special resolution required; so, to make it consistent with that, and consistent laws are generally good laws. In addition to that I remember having a long chat to my counterpart Minister across the ditch, Mr Smith. He said to me that they have got 75per cent. Nick Smith told me that the crossbenchers and Opposition were supportive of that 75per cent and it has worked very well.

The Hon. DANIEL MOOKHEY: So it is 75per cent because the crossbench of the New Zealand Parliament supported 75per cent.

Mr VICTOR DOMINELLO: No. I indicated that it was because initially the Labor Government in 2002—

The Hon. DANIEL MOOKHEY: Okay, thank you. That makes more sense. Has your department undertaken any enforcement actions for any investigation in respect to the collapse of Impact Contracting?

Mr VICTOR DOMINELLO: Not to my knowledge, but I will defer to Mr Stowe.

Mr STOWE: I am not aware of it.

The Hon. DANIEL MOOKHEY: Wonderful. That is interesting because it is the case that Impact Contracting collapsed whilst working on a Roads and Maritime Services [RMS], the Schofields Road stage 3 project, all of three months ago, resulting in at least \$1.1 million in claims by subcontractors who have lost that amount of money and have all their businesses in jeopardy whilst performing work on a Government supply chain. At the time the roads Minister made the point that this is a matter for Fair Trading and better trading. In fact, he said that on Channel Nine. It strikes me as odd that you have never heard of it and the roads Minister is out saying that you are the people who are responsible for launching an investigation as to the collapse of a contractor on a Government project. What comfort can all those contractors obtain from the fact that your authority, which has jurisdiction, has not done a thing?

Mr VICTOR DOMINELLO: Again, just going back to the question, I think it is a reference to security of payments.

The Hon. DANIEL MOOKHEY: No, it is actually not.

Mr VICTOR DOMINELLO: I will defer to Mr Stowe in relation to the specifics of that.

Mr STOWE: First, NSW Fair Trading is only responsible for the regulation of residential builders. You are talking about commercial builders in New South Wales. We do not have any jurisdiction over those particular businesses. The Minister is right, of course: The security of payments legislation is a mechanism for people to seek payment when there is a dispute over payment of subcontractors.

The Hon. DANIEL MOOKHEY: I accept that. I accept that that is a mechanism and it does not apply to these people because they are not construction industry; they are road transporters. They are people who cart concrete and cart things that are dug up and taken to tips. They do not come under the auspices Security of Payment Act [SOPA]. Let us go to another one—Burton excavations, which is another one in which it was said that there would be a response from Fair Trading in terms of a contractor inspection. As any work been undertaken in respect to that?

Mr STOWE: It is not residential building work. We have no responsibility for anything other than residential building work in New South Wales. This is commercial building work.

The Hon. DANIEL MOOKHEY: Can you offer any explanation as to why every time one of these problems emerge other Ministers of the Government automatically put it on you to do something when you are saying to us that you have no such jurisdiction?

The Hon. CATHERINE CUSACK: Point of order: Obviously, there is confusion here. Can I ask the Hon. Daniel Mookhey to provide evidence?

The Hon. DANIEL MOOKHEY: No, you cannot.

The Hon. CATHERINE CUSACK: Rather than simply asserting that "other Ministers say", can he actually does give more concrete information?

The Hon. DANIEL MOOKHEY: Does the Hon. Catherine Cusack really want me to table the Channel Nine news story in which Duncan Gay says that? Do you really think that will help your Government? Do you really want me to do that?

The Hon. CATHERINE CUSACK: No. You said, "Every time something happens other Ministers say".

Mr DAVID SHOEBRIDGE: To the point of order: There is no reference in any of the standing orders or rules to support the point of order taken by the Hon. Catherine Cusack.

The CHAIR: Order! There is no point of order. The Hon. Daniel Mookhey is quite entitled to ask the questions. It is up to the Minister to take the question on notice if he wants to do some further checks on the information that is part of the question.

Mr VICTOR DOMINELLO: Thank you, Chair. Commissioner Rod Stowe is, in my view, the pre-eminent fair trading commissioner in the country and is probably the best we have ever had. He knows this inside out. In relation to the specifics, I am happy to take it on notice and liaise with the Ministers, in the event that they have said that, and get the Hon. Daniel Mookhey a coordinated response.

The Hon. DANIEL MOOKHEY: I appreciate that and I do except that these are complex matters, but you would agree with me that from the perspective of companies that are affected by this—and there are many companies that have been affected by the collapse of a head contractor on a Government project—they have lost money, they are at risk of going out of business, and they are having to sell their trucks in order to get money. Do you accept that for them hearing from you and from the pre-eminent commissioner, who you just nominated, that the Government does not have a strategy for this problem, that that is a problem?

The Hon. CATHERINE CUSACK: You just need to take the question on notice, Daniel. He just said he would take it on notice.

The Hon. ERNEST WONG: Point of order: I think the other member should not interfere when a member is asking a question and the Minister is answering.

The CHAIR: Yes. Interjections are disorderly at all times. I am listening very carefully and I ask the Hon. Daniel Mookhey to confine the question to the portfolio we are examining.

The Hon. DANIEL MOOKHEY: I will conclude by simply saying: Are you able to come back with a response on notice about what exactly is this Better Trading Strategy for non-residential?

The Hon. CATHERINE CUSACK: He has already said he will do that.

Mr VICTOR DOMINELLO: Mr Mookhey, I will take that on notice. I understand it is complex. I understand it is obviously involving other Ministers. It is appropriate that you get a coordinated response.

Mr JUSTIN FIELD: Fair Trading's recent review of renting laws in New South Wales recommended that the payment of interest to tenants on rental bonds be abolished and that the purposes for which the rental bond interest account money can be spent should be widened to include consumer protection more generally. What specific consumer protection projects or other things will that money be put towards?

Mr VICTOR DOMINELLO: I will defer that to Commissioner Stowe.

Mr STOWE: I think we are actually widening that scope to give us that latitude to look at things we cannot currently fund at the moment. There are very strict guidelines as to how that money can be spent. It has to be spent in relation to the relationship between residents and landlords. What we envisage with that recommendation is widening that ability to spend that money on other areas.

Mr JUSTIN FIELD: How would you determine what you will spend the money on?

Mr STOWE: I am sure the Minister will make recommendations to the department to examine, and we will very happily do so.

Mr JUSTIN FIELD: My understanding is that legislation is being prepared for next year and that you are undertaking consultations at the moment with various stakeholders in relation to all of the recommendations, including this. Have you started those consultations with stakeholders about how that money will be spent?

Mr STOWE: There has been, I believe, targeted stakeholder consultation by my staff. I am sure that this area has probably been part of that. I have not been privy to those discussions.

Mr JUSTIN FIELD: Can you name the stakeholders who might have been spoken to about these particular considerations?

Mr STOWE: I understand that the Tenants' Union is certainly one of the groups that has been in consultation with the agency about the recommendations in the report. Again, I am happy to take that on notice and give you some further advice as to what has been covered in those discussions.

Mr JUSTIN FIELD: If you could take that on notice, that would be great.

Mr STOWE: Sure.

Mr JUSTIN FIELD: Noting that this data is not published in Fair Trading's annual report, what was the income of the real estate statutory interest account in 2015-16, if you could?

Mr STOWE: I will take that on notice.

Mr JUSTIN FIELD: Could you also take on notice income figures for the three years preceding the most recent year, and the same for expenditure for that period?

Mr STOWE: Certainly.

Mr JUSTIN FIELD: If there are details of what the expenditure was on, that would be greatly appreciated.

Mr STOWE: Sure.

Mr DAVID SHOEBRIDGE: Minister, I turn to workers compensation. We heard in answers earlier this week from Minister Perrottet that the scheme is currently running at a \$1.4 billion surplus—that is, \$1.4 billion more in assets than is required to meet the 110 per cent funding ratio that has been set. Are you aware of the extent of the surplus in the scheme?

Mr VICTOR DOMINELLO: Yes.

Mr DAVID SHOEBRIDGE: When I asked Minister Perrottet about expanding benefits on the scheme, you would be pleased to know that he said I should direct those questions to you, Minister. Are you aware of that?

Mr VICTOR DOMINELLO: He is a great Minister.

Mr DAVID SHOEBRIDGE: Minister, first of all, do you have any process in place to consult with injured workers, unions and representatives of injured workers as well as employers about potential options for the fair distribution of that \$1.4 billion surplus or a portion of it?

Mr VICTOR DOMINELLO: They were mid-year figures and I think they came out in about April. The final year figures come out in about October. I will be asking the State Insurance Regulatory Authority [SIRA] to look at what the final year figure is and to provide some recommendations to me, and therefore the Government, in relation to premium and benefit settings and whether there is any flexibility, given whatever the surplus is. I hasten to add that SIRA will obviously need to take into account a whole lot of factors. One would be the volatility of national financial markets at the moment.

Another thing would need to be the current settings in relation to the premiums that have gone through reform. Have they stabilised to a point where we can do some adequate projections? Other things are in relation to legal costs and weekly benefits—I know we will be looking at that. I think they are looking at the prudential figures themselves to see whether that 110 per cent is an appropriate setting or whether we should align ourselves more with the Australian Prudential Regulation Authority [APRA] model. There are a whole lot of things that will then need to be taken into account, but I will ask them to do so once we get the end of year figures.

Mr DAVID SHOEBRIDGE: Minister, do you accept that after the 2012 reforms the bulk of the contribution to the reduction in deficit and the surplus came from injured workers and the loss of their benefits?

Mr VICTOR DOMINELLO: No, I think what has happened as a result of the reforms—and they were absolutely necessary reforms—

Mr DAVID SHOEBRIDGE: They were savage, Minister.

Mr VICTOR DOMINELLO: Mr Shoebridge, with the greatest of respect, the reforms at the time were in a situation where they were running a deficit of \$4.1 billion. They were projecting to increase the premiums by 28 per cent. As a result of the reforms we have done, we are now back on a sustainable model. Our return to work, in relation to the 13 weeks, has improved by 2.8 per cent. In relation to 26 weeks—that is, six months—it has improved by about 3.1 per cent. Our return-to-work figures are better, so that is better for workers. I think on any objective measure the reforms that we have undertaken have been better. I accept, though, your point. If there is an ongoing structural surplus—and that is the real issue—then I will be definitely asking SIRA at the end of the year, when the final figures come in, to have a look at that to see how we apply that back in terms of resetting of benefits and premiums.

Mr DAVID SHOEBRIDGE: Minister, employers have already received substantial premium cuts as a result of the 2012 reforms. You would agree with that?

Mr VICTOR DOMINELLO: Yes.

Mr DAVID SHOEBRIDGE: Employers have already had their cut, and a very big cut. But injured workers across the State, apart from a tiny class—and we are talking a couple of hundred of people who fall into

a very seriously injured category—have received quite savage benefit cuts, some more so than others. Do you not think that in any distribution of a structural surplus, injured workers must come first?

Mr VICTOR DOMINELLO: I agree with you that the primary benefit of the scheme is around injured workers, but we also need to factor in the costs of the scheme in terms of premiums and we also need to factor in the sustainability of the scheme. As I said before, I will ask SIRA to undertake an analysis at the end of the year, in about October, to see if there is a structural surplus. Can I say, Mr Shoebridge, again let us look at outcomes. In terms of the scheme redesign, we have got better return-to-work figures. That on any measure is a positive outcome that is a concrete realisation as a result of reform. More people are returning to work, and that ultimately has to be the fundamental premise and driver of the workers compensation scheme—to get people back on their feet and provide compensation in the event that they cannot work.

Mr DAVID SHOEBRIDGE: Minister, we could argue about that all day, but I have run out of time.

The CHAIR: Minister, please give us a snapshot of Fuel Check. How is it playing a part in regional and rural areas, in particular?

Mr VICTOR DOMINELLO: Fuel Check, as NRMA has said, is a game changer. I love this application, because with Fuel Check we have provided more information to the public. Information is power. If you open that information to the public, you empower the public. Ultimately, I think the best regulator in the marketplace is not myself, despite my title; it is the consumer. If you have an open and transparent marketplace, the people out there will use their feet and their wallets to regulate good consumer practice. That is a great place to be.

Fuel Check is the first of its kind in the country, if not the world. On Fuel Check, we require real-time data from the 2,036 petrol stations in New South Wales. They simply extend their obligation and change their fuel board on the street and translate that to the digital age to make sure they also tell us their fuel charge via their digital device, so that in real time consumers can have a look at the map on Fuel Check and decide where to buy petrol. In terms of regional New South Wales, I was recently out there with the outstanding member for Northern Tablelands, Adam Marshall. He was saying to me, "There is a problem—

The Hon. SHAYNE MALLARD: Parliamentary secretary.

Mr VICTOR DOMINELLO: The now parliamentary secretary was saying to me there was a real issue in Armidale because the major oil operators—the Caltexes of the world—could afford the service station on the front drag but the independents really could not afford the rent. They were providing a far cheaper product, by sometimes as much as 10¢ a litre—I think—but they did not have the money to advertise. One independent said to me, "This creates a level playing field". Before he could not advertise; he could not afford the flashy neon lights. Now, in a digital age, people can go to the service station and save 10¢ a litre. If you think about that saving, if you are in regional New South Wales and you have to travel a lot of kilometres, saving 10¢ a litre adds up to a lot of money. You will be fuelling up your tank maybe two or perhaps three times a week, and if you can save—

The CHAIR: And your tractor.

Mr VICTOR DOMINELLO: Absolutely. NRMA has said on average it would save about \$500, but if you are in regional New South Wales you could probably save more. Given I do not have much time, I will show you Fuel Check.

Mr DAVID SHOEBRIDGE: Point of order: Props are out of order.

The CHAIR: Where do you get the app? From the App Store?

Mr VICTOR DOMINELLO: You go to the Fuel Check website and make sure you save that website onto your phone. Once it is saved onto your phone you will never buy petrol again without reference to the app.

The CHAIR: Is it not on the App Store?

Mr VICTOR DOMINELLO: NRMA have an app. Again, this shows the beauty of the open data policy. We have created a well and also in New South Wales, because we have great people in OneGov, we have created a tap that we put to the well. I think the tap is fantastic but NRMA has its own tap, so you can download its app. The point is that you go to the website and you access Fuel Check and you press a button and you can see in real time the various petrol prices in the area you are in—or whatever area you would like to see. You just need to look for the red service station, because that is going to be the cheapest. It is quite unusual, because red normally denotes Labor, and Labor is normally more expensive. It really is, as NRMA said, a game changer. It is a great, great win for the consumers of New South Wales.

The CHAIR: Sadly, that concludes the budget estimates for the portfolio of Innovation and Better Regulation. Minister, I thank you and other participants for your time this afternoon. You have 21 days to answer any questions on notice and members may put some further questions on record.

(The witnesses withdrew)

The Committee proceeded to deliberate.