

**Mission to the United States of America by
The Honourable Dominic Perrottet MP
NSW Treasurer and Minister for Industrial Relations
27 January - 5 February 2018
Post Mission Report**

PURPOSE OF TRAVEL

The NSW Treasurer travelled on a mission to the United States of America (US) from 27 January to 5 February 2018 to achieve the following objectives:

- Update credit ratings agencies on NSW's continued strong economic performance;
- Examine recent US tax and regulatory reforms and possible applications in NSW;
- Explore the US build-to-rent sector and learn more about challenges and opportunities;
- Encourage government decision makers, policy organisations, and the private sector to look to NSW for expertise and investment in light of the US Government's forthcoming infrastructure package;
- Strengthen ties with the US and promote greater policy collaboration and business partnerships;
- Gain insights on social enterprise and outcomes; and
- Promote NSW as an attractive investment destination thanks to its strong economy and ease of doing business.

BENEFITS OF TRAVEL FOR THE STATE OF NEW SOUTH WALES

The US is the world's largest economy with a US\$19.4 trillion gross domestic product in 2017. It is a priority market for the NSW and Commonwealth Governments.

The US is Australia's largest source of foreign direct investment (FDI), responsible for 24.5% in 2016. The US is a major destination for Australian services exports, particularly business and information and communications technology services, as well as the second largest importer of services overall.

The US is NSW's third largest two-way trading partner in goods. NSW firms exported \$2.6 billion in merchandise to the US in 2016-17. The US is NSW's second largest source of incoming tourists, with 442,000 visitors in 2016-17. More than half of US visitors to Australia came to NSW.

This mission was timely given the US Government is expected to introduce an infrastructure package in the coming months. This provided an opportunity to build on the bilateral relationship between the NSW and US Governments and to shine a light internationally on the Liberal-Nationals Government's strong record of reform and infrastructure delivery. An infrastructure package would present significant potential for growth of trade in goods and services, with additional business opportunities across NSW's economy as well as investment opportunities for NSW superannuation funds and participants and others.

There is significant opportunity to grow the bilateral trade relationship and this was a key focus of the mission. Furthermore, the mission's goals aligned with NSW Treasury's priority of making our State a world leader in infrastructure delivery and service provision.

KEY MISSION OUTCOMES

New York City

Update ratings agencies on NSW's continued strong economic performance

The Treasurer visited Moody's and Standard & Poor's to update the credit ratings agencies on NSW's continued strong economic performance and to hear their thoughts on regional and global economic trends.

Moody's discussed its *Global Macroeconomic Update for 2018-19*, which sees broadening emerging market recovery and stable growth in advanced economies. Moody's also discussed its *Cross Sector Asia Pacific Paper*, which anticipates broad-based economic growth in the region and globally.

Standard & Poor's discussed recent tax and regulatory changes and potential flow-on economic benefits. They also shared their views on the suite of pending international trade negotiations, particularly the Trans-Pacific Partnership and North American Free Trade Agreement. The discussion also touched on economic performance and prospects in China and across the broader Asia Pacific as well as implications for Australia.

Strengthen ties with the US and promote greater policy collaboration and business partnerships // Examine recent US tax and regulatory reforms

The Treasurer met with financial services firms including: Blackrock, Lazard, KKR, PIMCO, and J.P. Morgan.

The firms provided updates on US economic performance and shared their thoughts on connections between recent policy changes, particularly tax and regulatory reforms, and continued growth. The meetings touched on the upcoming US midterm elections and potential impacts on global financial markets.

The firms also discussed their views on the likely direction of US short-term interest rates as well as US long-term bonds and the US stock market. Discussions also touched on the status of trade treaties, particularly the Trans-Pacific Partnership and North American Free Trade Agreement.

Blackrock Chair and CEO Larry Fink discussed global economic trends, trends in asset management, trends in investment stewardship, and the firm's strategic relationship with NSW Treasury Corporation.

Several firms also discussed the rise of financial technology and potential uses across the financial services sector, the broader economy, and within government agencies.

J.P. Morgan drew comparisons between infrastructure challenges and opportunities in NSW and in the United States. J.P. Morgan Chairman and CEO Jamie Dimon discussed challenges to developing infrastructure in the United States, noting that it can take twelve years to secure necessary approvals to build a bridge.

J.P. Morgan also provided a progress update regarding its work on NSW's Common Custodian Project. The NSW Government's move to a single custodian for its investment management activities will result in operational efficiencies and \$80m in cost savings to the State over the next decade.

Strategas provided insights into the macro-economic landscape, which will inform NSW Treasury Corporation's capital market positioning.

Strategas also previewed US President Donald Trump's State of the Union Address, foreshadowing key focuses including: a significant infrastructure package, passage of personal income and corporate tax cuts and the resulting benefits for workers, as well as a "fair and reciprocal" trading system and the potential for

retaliatory tariffs. The conversation focused on the likely size and shape of the infrastructure package as well as the likelihood of it including permitting reform and changes to facilitate public-private partnerships.

Encourage government decision makers, policy organisations, and the private sector to look to NSW for expertise and investment in light of the US Government's forthcoming infrastructure package

The Treasurer addressed a business luncheon which was organised by Austrade, NSW Trade & Investment, and NSW Treasury and attended by a broad spectrum of infrastructure and investment professionals.

The Treasurer provided an update on the State's economic position and discussed the Government's \$80.1 billion infrastructure agenda.

In particular, the Treasurer led discussion on the ways in which the NSW Government's asset recycling strategy has helped to drive an unprecedented infrastructure program and boost the NSW economy, while at the same time enabling the Government to keep the Budget in surplus and preserve its AAA credit rating.

The NSW Government's asset recycling program and \$80.1 billion infrastructure pipeline was also a main topic of conversation during meetings with US House Transportation and Infrastructure Committee Chairman Bill Shuster, American Action Forum, American Enterprise Institute, Bipartisan Policy Center, and Heritage Foundation. The Treasurer encouraged decision makers and policy organisations to look to NSW for expertise in infrastructure finance and delivery as well as investment in light of the forthcoming infrastructure package.

While in the Bay Area, the Treasurer met with Stanford University experts with specialties in innovative infrastructure finance and public private partnerships. The Treasurer also guest lectured a class at Stanford University regarding best practice in infrastructure finance.

Gain insights on social enterprise and outcomes

The delegation met with B Lab, a nonprofit organisation which helps the private sector balance financial and social responsibilities as well as understand, measure, and improve impact on people and communities.

The discussion centred on the work B Lab is doing to help businesses, investors, and institutions set and meet outcomes in social and environmental performance, public transparency, and legal accountability.

B Lab has an active and growing presence in Australia with members including a number of banks, superannuation providers, and food and beverage producers.

The Treasurer discussed the NSW Government's 2015 reforms that transformed the previous Safety, Return to Work and Support scheme into Insurance and Care NSW (icare), a new government insurance entity with a mandate to operate with "a commercial mind and a social heart" by putting people at the centre. The Treasurer considers that this approach is one that should be emulated by public and private sector organisations alike.

The discussion was also timely given the NSW Government's continued transformation of the way it manages and measures expenditure on behalf of the people of NSW. The transformation is centred on putting people at the heart of investment decision making and driving better outcomes including more transparency, more accountability, and better value for money.

Explore the US build-to-rent sector and learn more about challenges and opportunities

While in New York City, the Treasurer visited AvalonBay Communities' 1865 Broadway build-to-rent development and met with Lendlease who are delivering the building. The Treasurer also visited Greystar's Anthology build to rent development and met with executives and onsite management in Washington.

These visits were timely given that the NSW Government recently organised an industry working group and is exploring opportunities and challenges associated with creating a build to rent sector in NSW.

Update from digital economy stakeholders

The Treasurer met with executives from OpenGov to learn more about their work in budgeting, reporting, and the public presentation of government information. Their products are used by a number of domestic and international jurisdictions including numerous US state and municipal governments.

The 2017-18 NSW Budget was the first to release budget datasets consistent with the Government's commitment to transparency and digital innovation. To further improve the accessibility of budget information, Treasury is investigating options for enhanced presentation of budget data to the community, including web and mobile interactive tools. As part of this investigation, the NSW Treasury conducted a pilot exercise with OpenGov for the presentation of 2017-18 NSW Budget Data. OpenGov provided a demonstration of the pilot.

The Treasurer also met with executives from Uber and Airbnb. Uber provided an updated on developments in self driving car and truck regulation and technology. Airbnb provided an update on its business in NSW.

Official Delegation

The Hon Dominic Perrottet MP
NSW Treasurer
Minister for Industrial Relations

Accompanied by:

Mr Michael Pratt AM
Secretary of NSW Treasury and NSW Industrial Relations

Mr David Deverall
Chief Executive Officer of NSW Treasury Corporation

Mr Nigel Freitas
Chief of Staff
Office of the NSW Treasurer and Minister for Industrial Relations

Mr Edward Yap
Senior Policy Advisor
Office of the NSW Treasurer and Minister for Industrial Relations

Financials

Minister	The Hon. Dominic Perrottet MP
Portfolio	NSW Treasurer and Minister for Industrial Relations
Destination(s) visited a) Countries b) Cities	a) United States of America b) New York City -- 29 Jan to 31 Jan 2018 Washington, D.C. -- 31 Jan to 1 Feb 2018 San Francisco -- 1 Feb to 3 Feb 2018
Dates of Travel a) Departure Date b) Return Date	a) 27 January 2018 b) 5 February 2018
Number of Official Travel Days	Five
Number of Accompanying a) Minister's Staff b) Government Officials	a) Two b) Two
Accompanied by Spouse: a) In an official capacity b) In a private capacity	a) Nil b) Nil

Costs	
Airfares a) Minister and Minister's staff b) Government officials	a) \$37,716.78 b) \$13,831.19
Accommodation (includes any meals/incidentals charged to room) a) Minister and Minister's staff b) Government officials	a) \$11,218.55 b) \$5,061.71
Official Hospitality a) Minister and Minister's staff b) Government officials	a) Nil b) Nil
Other Expenses -- Minister and Minister's staff a) Official gift presentation b) Ground transport c) Meals and refreshments d) Other miscellaneous costs	a) Nil b) \$460.96 c) \$1,025.05 d) Nil
Other Expenses -- Government officials e) Official gift presentation f) Ground transport g) Meals and refreshments h) Other miscellaneous costs	e) Nil f) \$208.05 g) \$561.16 h) Nil
TOTAL Estimated Travel Cost a) Minister and Minister's staff b) Government officials	a) \$50,421.34 b) \$19,662.11

This report does not include costs for data roaming, official passports, visas, vaccinations, insurance, translation or printing of business cards.

Disclosure Summary

Date	Organisation/Individual	Purpose
29 January 2018	B Lab	<p>Learned more about B Lab's programs in order to better understand the extent to which social enterprises can provide greater economic opportunities for vulnerable people and communities and address wider social issues.</p> <p>Shared learnings from the Treasurer's 2015 reforms which transformed the State's workers compensation scheme and embedded a "commercial mind, social heart" mentality within the new organisation.</p> <p>Discussed the NSW Treasury's outcomes-budgeting approach.</p>
	Moody's	<p>Provided an update on NSW's strong economic position as well as the disciplined financial management and reforms which will help maintain the State's position as the engine room of the Australian economy.</p> <p>Moody's provided its perspective on global economic outlook and regional trends, as well as insights into US tax and regulatory reforms.</p>
	Standard & Poor's	<p>Provided an update on NSW's strong economic position as well as the disciplined financial management and reforms which will help maintain the State's position as the engine room of the Australian economy.</p> <p>S&P's provided its perspective on global economic outlook and regional trends, as well as insights into US tax and regulatory reforms.</p>
	Lendlease	<p>Learned more about opportunities and challenges associated with build-to-rent in the mature US market. Viewed a build to rent development in person.</p>
	Blackrock	<p>Blackrock provided its perspective on global economic outlook and regional trends, trends in investment stewardship, as well as insights into US tax and regulatory reforms.</p>
	Lazard Asset Management	<p>Lazard provided its perspective on global economic outlook and regional trends, as well as insights into US tax and regulatory reforms.</p>
	Strategas	<p>Strategas provided its perspective on global economic outlook and regional trends, as well as insights into US tax and regulatory reforms.</p>

	PIMCO	PIMCO provided its perspective on global economic outlook and regional trends, as well as insights into US tax and regulatory reforms.
30 January 2018	KKR	KKR provided its perspective on global economic outlook and regional trends, as well as insights into US tax and regulatory reforms.
	NSW Trade and Investment Lunch	Promoted investment opportunities in NSW and the strength of the NSW economy. Encouraged attendees to look to NSW for expertise in infrastructure finance and delivery as well as investment in light of the forthcoming infrastructure package.
	Wall Street Journal	Discussed the NSW Government's reform agenda during a sit down with members of the WSJ Editorial Board.
	J.P. Morgan	J.P. Morgan provided its perspective on global economic outlook and regional trends, as well as insights into US tax and regulatory reforms. J.P. Morgan provided an update regarding its work on NSW's Common Custodian Program.
31 January 2018	US House Transportation and Infrastructure Committee	Encouraged government decision makers to look to NSW for expertise in infrastructure finance and delivery as well as investment in light of the forthcoming infrastructure package.
	Heritage Foundation	Encouraged policy organisations to look to NSW for expertise in infrastructure finance and delivery in light of the US Government's forthcoming infrastructure package.
	Washington Post	Discussed the NSW Government's unique and highly successful asset recycling program and the resulting \$80.1 billion infrastructure pipeline.
1 February 2018	American Action Forum	Encouraged policy organisations to look to NSW for expertise in infrastructure finance and delivery in light of the US Government's forthcoming infrastructure package.
	Bipartisan Policy Center <i>Infrastructure Team</i>	Encouraged policy organisations to look to NSW for expertise in infrastructure finance and delivery in light of the US Government's forthcoming infrastructure package.
	Greystar	Learned more about opportunities and challenges associated with build-to-rent in the mature US market. Viewed a build-to-rent development in person.
	American Enterprise Institute	Encouraged policy organisations to look to NSW for expertise in infrastructure finance and

		delivery in light of the US Government's forthcoming infrastructure package.
2 February 2018	OpenGov	Discussed the NSW Government's commitment to transparency and digital innovation and OpenGov's work with domestic and international governments on budgeting, reporting, and the public presentation of government information. OpenGov provided a demonstration of its pilot exercise using 2017-18 NSW Budget Data.
	Stanford University	Guest lectured a class on best practice in infrastructure finance and delivery and the NSW Government's unique and highly successful asset recycling program.
	Uber	Received update on developments in self driving car and truck regulation and technology.
	Airbnb	Received update on Airbnb's business in NSW.