

**Mission to the UK and Switzerland by
The Honourable Dominic Perrottet MP
NSW Treasurer and Minister for Industrial Relations
8 - 16 September 2018
Post Mission Report**

Purpose of travel

The NSW Treasurer travelled on a mission to Switzerland and the United Kingdom (UK) from 8 – 16 September 2018 to achieve the following objectives:

- Examine UK tax and regulatory reforms and possible applications in NSW;
- Explore the UK build-to-rent sector and achievements in social impact investing to learn more about challenges and opportunities;
- Discuss global trends with investment partners, ratings agency and other key stakeholders;
- Gain insight into the development of innovative productivity and regulatory reform agendas;
- Discuss best practice in long term and sustainable debt management;
- Promote NSW as a trade and investment destination;
- Understand opportunities for reform of federation; and
- Canvas opportunities for digitisation across large governments.

The Treasurer also acted as the official representative for NSW at ceremonies to commemorate the 100 year anniversary of the death of former NSW Premier and Australian Prime Minister George Reid. The Treasurer also hosted the annual dinner for TCorp's 14 Panel Banks at Australia House.

Benefits of travel for the State of New South Wales

In recent years the UK has undertaken substantial reform in the policy areas of productivity, regulation, build-to-rent, debt management, social impact investment and digitisation of government services – all areas of focus for reform for the Treasurer and the NSW Government. The trade mission provided an important opportunity for the Treasurer and Treasury officials to gain insight and document key learnings that will assist the NSW Government in successfully implementing its reform agenda. The benefits to NSW include a stronger NSW economy, better government service delivery for NSW citizens through the development of digital services, better social outcomes through effective social impact investment initiatives, and improved affordable housing outcomes for NSW residents.

In the context of ongoing debate around the design of the Horizontal Fiscal Equalization (HFE) policy that underpins Australia's GST system, the mission also provided an opportunity to gain insight into Switzerland's comparable HFE policy. Key learnings will be considered by NSW Treasury and the NSW Government to pursue fairer outcomes for NSW citizens in the distribution of GST among Australian states and territories. Key learnings will also be considered by the Board of Treasurers, a gathering of all state and territory Treasurers established last year.

The mission also provided opportunities for the Treasurer and NSW Treasury to:

- underscore NSW's commitment to maintaining strong relationships with key European business and government leaders and to reinforce NSW's reputation with key investment partners as a strong, stable and growing economy.
- engage with key experts to discuss the potential impacts of emerging global issues including Brexit, trade tensions and other trends that could directly affect the strength of the NSW economy and the State's financial position
- ensure continued support for trading and distributing TCorp (NSW) bonds

Scheduled meetings (if not included in previous sections)

Reform of Federation - Berne and Zurich, Switzerland - 10 September 2018

The Treasurer met with the **Swiss Federal Finance Administration** in Berne to discuss the efficacy of the Swiss system of fiscal equalisation. In particular, the meeting provided an opportunity to compare the Australian system, explore commonalities and discuss the interplay between tax competition and fiscal equalisation and its impact at the Canton-level.

The Treasurer met with the Conference of Cantonal Governments on the dynamics and guiding principles of Swiss Federalism. This meeting focused on the importance of fiscal competition, public sector expenditure, cooperative federalism and fiscal equivalence. The meeting also covered the role of the Conference of Cantonal Governments in sharing information, developing standards and defending cantonal interests in respect of federal policies.

The Treasurer also met with Zurich's **Department of Finance** to gain insight to Zurich's experience of the Swiss fiscal equalisation system from a sub-national government perspective. Of note, Zurich's analogous position with NSW provides an invaluable opportunity to explore their Cantonal network's work in leading national reform and promoting inter-cantonal cooperation. A particular focus of this meeting was the fiscal equalisation system and how states compete on tax.

UK's Build to Rent Sector – London – 11 September 2018

The Treasurer met with **Urbanest** to discuss the Build to Rent sector and market in the UK and included a site visit to a Build-to-Rent development in Bethnal Green. The meeting and site visit provided insight into how to develop an all-inclusive value proposition for tenants, the policy responses to housing supply shortages in London and the growth of the build to rent sector

Sir Patrick McLoughlin – London – 11 September 2018

The Treasurer met with former Transport Secretary **Sir Patrick McLoughlin** who spearheaded reforms on fines and parking measures. The meeting focused on community response to the reform, the nature of consultation and revenue implications. Sir Patrick also discussed the 5 year Road Investment Strategy.

Global Financial Trends – London – 11-13 September 2018

The Treasurer met with **Moody's** to discuss global trends and observations, particularly Brexit and trade tensions. The discussions enabled further insights to how impacts of these issues may flow-through to Australian sovereign ratings.

The discussion focused on the importance of fiscal targets and how they impact sovereign and sub-sovereign ratings in the UK and the EU. This is highly relevant to NSW's situation given the upcoming finalisation of the Review of the Fiscal Responsibility Act and recent political developments with the Commonwealth Government.

A meeting was held with **Capital Group**, one of the largest global fund managers, to discuss the state of UK and European economies and their perspectives on how the political developments in UK and Europe will impact on investment markets.

Discussions around the changing European political landscape and its effects on the market continued with **Rann Strategy Group**, the CEO of **Macquarie Group (Europe, Middle East, and Africa)**, **Janus Henderson and PIMCO**. Key themes included the challenges for global growth, the role of central banks and growing concerns around debt.

These meetings also provided an opportunity to build relationships with key investment partners and promote investment opportunities in NSW.

Innovative Productivity and Regulatory Reform – London – 12-13 September 2018

The official delegation party met with the **Regulatory Policy Committee** and Head of the **Better Regulation Unit** (within UK Department for Business, Energy and Industrial Strategy) to gain insight into the development of the UK's productivity agenda.

Given NSW's recent appointment of a Productivity Commissioner, the discussions were timely and insightful in understanding the common regulatory issues facing businesses, how cross departmental work could be maximised in monitoring and measuring regulatory burdens for new and existing regulations. The unique set-up of an independent Regulatory Policy Committee that advises on the reduction of regulatory burdens on business was also discussed and opportunities to learn how such bodies drive productivity growth and improve regulatory quality were invaluable.

Social Impact Investment – London – 14 September 2018

A meeting was also held with Michele Giddens, partner and cofounder of **Bridges Fund Management**, to discuss developments on social impact investing in the UK and internationally and to identify opportunities to promote and grow NSW's impact investment market. The meeting provided global insights on impact investment and learnings to assist in developing the NSW Office of Social Impact Investment's (OSII) emerging policy priorities.

Tax Simplification, Creating Public Value and Digitisation Across Government – London – 12-13 September 2018

The Treasurer met with **Sir Michael Barber** and the **Public Values Team from HM Treasury** to discuss their work improving public service delivery. This meeting included discussion of the HM Treasury Public Value Framework to evaluate and monitor public sector expenditure. The Premier's Implementation Unit, outcomes budgeting and the NSW State Priorities were also discussed.

The Treasurer also met with officials from the **Office of Tax Simplification**, an independent office established to advise the UK Government on ways to simplify the tax system with a strong focus on citizen and small business. The discussion also included insights around creating a tax platform to deal with the gig economy and the broader use of technology. The OTS discussed their approach to enabling reform and the role of upcoming technology trends such as blockchain and AI.

The Treasurer met with **Mike Bracken** and **Lord Francis Maude** to discuss opportunities for digitisation across large governments and their drivers for success in establishing UK's Government Digital Services (GDS). These discussions included understanding how the UK Cabinet Office utilised digital and technology spending controls to encourage sector wide

agreement to extensive digital transformation across public service. There were further discussions with Lord Francis Maude on his work in civil service reform.

Promotion of NSW for investment opportunities – London – 13-14 September 2018

The Treasurer also hosted the annual dinner for TCorp's 14 panel banks at Australia House. The Treasurer's address provided an update on the NSW economy, the state's fiscal position and key reasons to invest in NSW bonds.

The Treasurer met with **Next Energy Capital** to promote NSW as an investment destination. The discussion focused on opportunities for the renewable energy firm in NSW, the current energy sector landscape and expansion opportunities in the Asia Pacific.

The Treasurer also met with **Ms Bronwyn Curtis from JP Morgan** on the current economic climate. This discussion centred on the challenges of low wage growth across the Western World.

The Treasurer also met with **Phil Aiken, Chair of Balfour Beatty** to promote NSW's economy and State's investment opportunities, particularly around the Western Sydney Aerotropolis project.

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 of NSW Treasury Corporation

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

FINANCIALS	
Minister	The Honourable Dominic Perrottet MP
Portfolio	NSW Treasurer and Minister for Industrial Relations
Destinations(s) visited a) Countries b) Cities	a) Switzerland and United Kingdom b) Bern and Zurich – 10 September 2018 London – 11-14 September 2018
Dates of travel a) Departure date b) Return date	a) 8 September 2018 b) 16 September 2018
Number of official travel days	Five
Number of accompanying a) Minister's staff b) Government officials	a) One 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) \$21,825.72 b) \$25,286.32
Accommodation (includes any meals/incidentals charged to room) a) Minister and Minister's staff b) Government officials	a) 16,893.26 b) \$9,399.30
Official hospitality a) Minister and Minister's staff b) Government officials	a) Nil b) \$135
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) \$2034.44 c) \$764.19 d) \$18.76
Other expenses – Government officials d) Official gift presentation e) Ground transport f) Meals and refreshments d) Other miscellaneous costs	a) \$20.30 b) \$1,345.20 c) \$1,557.30 d) \$161.76
TOTAL estimated travel cost a) Minister and Minister's staff b) Government officials	a) To be advised by TO b) \$37,749.88
Currency conversion rate	Where not converted by credit card account - 1 CHF = 1.41861 AUD 1 GBP = 1.81263 AUD

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

Meeting Disclosure Summary

Date	Organisation/Individual	Purpose
10 September 2018	Federal Finance Administration Swiss Confederated Government	Discuss the Swiss administration of Horizontal Fiscal Equalisation system and administration of dynamic federalism to promote inter-institutional cooperation.
	Zurich Cantonal Government, Department of Finance	
11 September 2018	Urbanest Group	Explore the UK build-to-rent sector coupled with a site visit in Bethnal Green
	Moody's	Discussion on the impact of Brexit and the trade tariff tensions between US and China on our sovereign risk rating.
	Unveiling of Reid Medallion at Australia House	To commemorate Sir George Reid's achievements as prominent Federation founder of Australia
12 September 2018	Sir Michael Barber and Public Values Team from HM Treasury	Creation and operation of Government Delivery Units. Public service delivery.
	Office of Tax Simplification	Simplification of tax system. Relationship between HM Treasury and OTS. Business tax reforms and other policies supporting business and innovation.
	Regulatory Policy Committee	Best practices for reducing regulatory burdens to assist business. Productivity reform.
	Wreath laying at the Reid Memorial Service	Lay wreath to mark the centenary of Australia House in London.
	Capital Group	Discuss recent developments in UK and European economies and implications for investment markets.
	Macquarie Group	Gain insight into European financial markets and Macquarie's activity in the European region.
	Rann Strategy Group	Gain insight into recent developments in the European political landscape and its effects on European financial markets.
13 September 2018	Mr Mike Bracken, Public Digital	Discuss drivers for success in establishing UK's Government Digital Services (GDS) including digital and technology spending controls to encourage sector wide agreement.
	Lord Francis Maude	Discuss UK learnings from establishing GDS and to gain insight into facilitation of a digital Treasury. Discussion on Civil service reform.

	PIMCO	Discuss global monetary and fiscal policy and the intersection with capital markets and the global political and policy landscape.
	Sir Harvey McGrath	Discussion on social impact investing and opportunities to grow NSW's impact investing market.
	Better Regulation Executive, Department of Business, Energy and Industrial Strategy	Discuss regulatory issues of concern to UK businesses and Cross-departmental coordination to measure regulatory burdens and proposals for reduction to assist businesses.
	JP Morgan, Ms Bronwyn Curtis	Promote NSW economy and discussion on the State's investment opportunities and priorities including the Western Sydney Aerotropolis.
	Next energy Capital	Promote trade and investment opportunities in NSW for renewable energy development.
14 September 2018	Phil Aiken	Promote NSW economy and discussion on the State's investment opportunities and priorities including the Western Sydney Aerotropolis.
	Bridges Fund Management	Discussion on social impact investing and opportunities to grow Australia's impact investing market.